



**THE INDUSTRIAL REVIVAL
IN SOVIET RUSSIA**

THE INDUSTRIAL REVIVAL IN SOVIET RUSSIA

BY
A. A. HELLER

WITH AN INTRODUCTION BY CHARLES P. STEINMETZ



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PREFACE

SOVIET Russia is now passing through a most interesting period of the Revolution, the transition period from the destructive to the constructive stage. The Russian Revolution, needless to say, is not yet over. It has only completed the first cycle. In the summer of 1921, it entered upon the second stage of its development, the constructive stage. In this book I have attempted to present a review of the economic situation of Soviet Russia in this period of construction.

Naturally the constructive process is a lengthy one. It will take time to build a new civilization in that vast country, ruined by war, civil and foreign, and by blockade. But the whole thought and energy of the Soviet Government and nation are now centered on this problem, on the "Economic Front," as it is called in Russia. The Soviet industrial house is being set in order, industries are slowly reviving, production and transport improving and the economic life of the country is being gradually reestablished. Thus the New Society, resting securely on the political power of the Soviets, is slowly emerging from the revolutionary struggle.

It is not necessary to be a partisan of the communist order in Russia to see a new civilization being constructed on the ruins of the old. Many non-communists, opponents of the Soviet Government, after having visited Russia, have come away convinced of the stability of the new State, of its *viability*. Numerous Americans who came in contact with New Russia, who saw the earnest effort being made by the Soviet Government to rebuild the

country, have testified to the ability of Russia to revive. The poor people of all lands, the peasants and industrial workers, feel this instinctively and see in Soviet Russia's success a gage of their own emancipation.

During a visit in Russia last year, I was an eye-witness to the changes of the transition period. I travelled a great deal, came close to the peasants in the villages and the workingmen in the industries; I conversed with the political and industrial leaders and managers, participated in their discussions and conferences and carried away a fairly clear picture of the Russian situation. If I succeed in conveying to the reader even a brief glimpse of it, I shall be content.

To A. C. Freeman, who helped me with the preparation of the material, I wish to acknowledge my indebtedness.

A. A. HELLER.

New York, August, 1922.

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INTRODUCTION

By CHARLES P. STEINMETZ

MAN is by nature gregarious or collectivistic, or social, whichever you may call it, and long before history began, men have lived together in groups, in families, tribes, states, and nations. Inevitably the interests and desires of the individual came in conflict with the interests and welfare of the group, and this, far antedating human history, is the social problem, that is, the problem of correlating the self-interest of the individual with the interest of the other individuals and of society as a whole, and this problem has occupied the greatest thinkers of all ages and is still with us, demanding solution.

So we find Socrates and Cicero—as representatives of the two great classic nations—propounding the “golden rule”: “Do unto others as you wish others to do unto you.”

This rule has not solved the problem, as it appeals only to the average man; it does not impress the strong man—strong physically in the savage days, strong intellectually or financially in modern days. He feels and believes that he can safely do to others as he would not like others to do to him; can disregard the interests of others for his self-interest and be strong enough to protect himself against others disregarding his interest. Thus every political, industrial or financial tyrant has and is disregarding the golden rule.

Another solution Jesus of Nazareth offered in brotherly love. For nearly two thousand years Christianity has

preached brotherly love—"Love your enemies, do well to those who abuse you"—and ever the strong men have flaunted brotherly love in their self-interest, or hypocritically substituted phrases such as "the white man's burden." Ever hymns of hate have been sung by the ministers of Christianity, and the cataclysm of the World War has been the result. It could be no different. The great fundamental emotion of all life is the instinct of preservation in its two forms: the preservation of the individual and the preservation of the race. The Christian doctrine of brotherly love appeals to the latter, but the former is the stronger emotion, and where the two come in conflict the latter suffers, that is, self-love is stronger than brotherly love and therefore Christianity has failed to solve the social problem.

Another attempt was made by the great popes of the Middle Ages, Gregory VII and his successors. Their idea was a theocracy; human society ruled autocratically by the pope in the name of God, assigning to all men their duties and rewards, and equalizing the lot of all by promising rewards in heaven to those who suffer on earth. This also has worked to a limited extent, like the previous doctrines, but in general religion failed to make such strong impressions on men as to make them forego their self-interest on earth for the sake of promised heavenly rewards.

When after the French Revolution the people of the world awoke to their rights, and monarchies tottered, political democracy appealed to many thinkers as a solution of the social problem, in the belief that if all people equally participated in the government, every citizen would see that his interests are not infringed by those of anybody else. So even Lassalle, the founder of the first

political socialistic party, put as the first demand that for universal suffrage.

Democracies have been established throughout the world, but they have not solved the social problem. On the contrary, they have often proven the most convenient tool for a ruling class to govern autocratically and escape the responsibility for it, by making the people believe that they govern themselves. So they do, indeed, but they govern themselves in the manner desired by the ruling class which owns and controls the means of information and education: the newspapers, magazines, schools.

Therefore, political democracy has not solved the social problem, and never will.

The first scientific approach to the problem is the work of Marx, half a century ago. He started from the premise: "Can a form of society be devised, free from unsocial acts, that is, acts in which the interest of society is subordinated to the advantage of the individual or group of individuals?" In other words, "Can a form of human society be devised, with man as he is to-day, in which individual self-interest does not conflict with the interest of others?"

This led to the study of those elements of society which are most responsible for unsocial acts.

Private ownership and control of the means of production and distribution (capital, land, tools and factories, transportation and distribution systems) was shown to be the foremost and most common cause of unsocial acts, and social ownership and control of the means of production and distribution was proposed as the step to eliminate most of the unsocial acts of present-day society.

This is Socialism: Socialism thus is that form of human society, which makes it impossible for an individual

or group of individuals to commit an unsocial act, that is, an act in which the interest of society is subordinated to the advantage of the individual or group of individuals.

The Aim of Socialism: A society free from unsocial acts, thus is identical with that of Christianity as taught by Jesus. The difference is that Christianity endeavored to bring about this condition by inculcating brotherly love into all members of human society, and the experience of nineteen centuries has proven that self-interest is stronger than brotherly love. Socialism abandoned the hope of changing human nature and eliminates unsocial acts by reorganizing society so that self-interest becomes identical with public interest, that is, by eliminating those conditions under which self-interest is opposed to public interest.

The argument often heard against Socialism, that it could work only after all men have become angels, thus is just the reverse of the truth. The difference between Christianity and Socialism is that Socialism does not count on changing human nature, but endeavors to change society so that, with human nature *as it is*, the aim of Christianity can be fulfilled.

Socialism thus was discussed throughout the world, by the intellectual leaders of human progress, who saw in it a hope to solve the problem of the ages, and by the masses of the disfranchised who saw in it the hope of getting their share of the world's progress; it was made the platform of political parties, and finally the opportunity came, in Russia, to try in practice the reconstruction of society on the basis of socialistic communism.

After centuries of misgovernment by an atrocious autocracy and an equally corrupt church, Russia was led into imperialistic participation in the World War, which was so much more disastrous to her than to any other

nation. Years of war, of blockade and civil war and famine, destroyed the always weak organism of capitalistic Russian society, and when at the end of the war the other nations began the reconstruction of their shattered social political organism, there seemed little if anything left in Russia to build on, and it meant entirely new construction. The master minds which then rose to the leadership in Russia—as great minds always rise when a cataclysm requires them—wisely concluded to attempt the construction of a new society, a communist state. A review of the work and the experience of the first years of socialist Russia, of success and failure, of troubles and advancement, is given in the following volume. There was no previous experience to guide, nobody could foresee many of the happenings, and much which was done had to be done over again; much might have been done differently, if the future could have been known; but the description as it is, is of the highest interest and importance for every intelligent man. Especially for us Americans, who have been in the forefront of the world's progress, it is necessary to understand and realize what is going on. We do not ask the reader to approve and agree with everything, no more than we would now agree with all the acts of the early Christians from the time of Nero to Diocletian. But we should know and understand what is going on in the endeavor to construct a new society, a society reasonably free from unsocial acts, because the self-interest of the individual is no more opposed to the interest of others.

CHARLES P. STEINMETZ

July 10, 1922.

BOOK I
LIFE AND REVOLUTION

THE INDUSTRIAL REVIVAL IN SOVIET RUSSIA

CHAPTER I

SIBERIA UNDER THE SOVIET GOVERNMENT

As a rule American visitors to Russia are apt to spend most of their time in the large cities, such as Moscow and Petrograd. My own experience in this respect was quite different. I left Moscow shortly after my arrival and spent about three months visiting the towns, peasant villages and industrial communities of Western Siberia and the Urals. As a result I missed some of the more interesting features of life in the capital, but on the other hand, I had excellent opportunities to observe the daily life of the Russian masses, the workmen as well as the peasants.

Our car, attached to the Trans-Siberian express, left Moscow late in June with a party of engineers and workmen to visit mines and factories, principally in the Urals and Western Siberia. We had one large compartment stored with sufficient food to last our party two months. We were provided with bread, flour, beans, butter, conserves, soap, cigarettes, matches, sugar, salt and tea. We were able to eke out and vary our diet by purchasing eggs, milk and berries from the picturesque looking crowds of peasants who throng every railroad station as the train pulls in. These peasants have no use for cash;

they demand salt or sugar or even bread in exchange for their foodstuffs.

We had two interesting fellow-passengers as far as Viatka. One was a thin little peasant woman, just returning home from the Women's Congress which had been held in Moscow. Like most of the Communist Party workers who are scattered through the provinces she was tireless in her efforts to carry instruction to the peasants among whom she lived. She often walks ten miles and back again at night to speak at meetings. Her husband was also a party worker and a Red Army soldier. She told us that the peasants in her district were very anxious to get news of the activities of the Government and the Party; they had specially commissioned her to bring back a detailed report of the Congress, along with official literature.

Our other companion was a young Red officer who had served on Trotzky's personal staff. He was not more than twenty-two years old; but, like many Russian young men, he had seen a great deal during the last four years. His admiration for Trotzky as a chief was unbounded. He dwelt especially upon the War Commissar's energy and decision, upon his fearlessness, and upon his tireless activity. Throughout the period of the civil war Trotzky always held several special trains in readiness to rush him to any part of the front where his presence was specially needed.

Every station along the line has its *agitpunkt* (propaganda center), an informal club and reading room with plain benches and tables, posters on the walls, and a stand for the sale of books and magazines. The *agitpunkt* is one of many agencies for mingled instruction and social life which have been initiated by the Soviet Government and the Communist Party.

Our train was compelled to stop overnight at Glasov, a fairly large-sized town, on account of forest fires which were raging ahead on the line. Later we passed through the burned districts, and saw a good deal of devastation. Several villages had been completely destroyed. Here and there women could be seen trying to save their gardens, which had been half withered by the fire. These forest fires have always been a menace in the thickly wooded districts of Russia; and the drought which has prevailed during the last two summers has helped to make them more frequent and more serious.

After leaving Perm we passed through a highly cultivated country, with fields spread out on both sides of the track as far as the eye could see. Stretches of rye, oats and vegetables were everywhere. We traveled through miles of splendid pine forest, broken here and there by small towns and villages. At one station a soldier with a bleeding ear came up to our car. We offered him cotton and iodine; and in a moment other soldiers crowded around us with sores, boils, toothaches and all kinds of ailments. Their complete lack of soap and the simplest drugs was pathetic.

The presence of the Soviet Government is visible everywhere. Each little place has some monument of Soviet activity,—a wooden arch, lavishly painted, or a public platform, or the offices of the numerous commissariats which now make up the local administration. The boards at the stations are covered with newspapers, notices of meetings and other bulletins. Revolutionary legends are displayed on walls, arches, monuments: "The hammer of the workman and the plow of the peasant will conquer economic ruin"; "Efficient labor is the surety of our victory." All the way from Perm to Ekaterinburg there are signs of the recent civil war,

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trenches, barbed wire fences and broken railway material. Occasionally the ruins of a burned brick building can be seen.

We arrived at Ekaterinburg about 1 A.M., too late to get off and see the town. The station, all white, was an imposing building. It was crowded with humanity. People were sleeping all over the bare floor, on sacks or on the ground just off the station platform. They seemed to be camping there, without being in any great hurry to go anywhere. The arrival of our train was a signal for animated trading. As usual the local population did not want money; they asked for bread and soap; one woman wanted needles.

Leaving Ekaterinburg, we crossed the border between European Russia and Siberia. Siberia gives the impression of a huge plain, as flat as a table. The monotony of the landscape is relieved only by the green woods in the distance and by an occasional broad stream. The villages blend with the general effect; they also seem flat, with their straw-thatched huts, as dark as the earth.

When we stopped for a short time at Omsk one member of our party found three weeping girls at the station and invited them to come aboard our car. They had met with a piece of very bad luck, having missed the train which carried off their mother, their provisions and their documents. They were worse than lost, for they had no means of communicating with their relatives and no means of staying in the town. Our car, with its hot tea and bread and its washroom, seemed a paradise to them. They were medical students from Samara, going to Tomsk to spend the summer in field work and recuperation. Samara, as they described it, was a stricken town, ravaged with cholera, typhus and famine.

After passing through Novo-Nikolaievsk, which is now

the capital of Siberia, we reached the famous Kuznetzk coal basin and there began our real work of investigating the mines. In order to reach one of the mines we had to pass through a small miners' settlement. The homes are built on both sides of what used to be a creek, but is now only an ill-smelling gully, full of mud and refuse. The houses, if they can be so-called, are of dirt or boards, hastily put together and covered with a dirt or board roof. Some of the dwellings are nothing more than dugouts. But they are kept spotlessly clean inside, the walls whitewashed, the floors scrubbed, the oven burning hotly, and the people finding what comfort they can inside these coops, which are often too low for a tall person to stand up in. Children's cradles are hung here and there, in a corner or under an abandoned railroad car. The railroad car transformed into a home has become a common sight in Russia. There are hundreds of them in this region alone. The cars seem to offer better shelter than some of the mud houses; and some ingenious people provide them with additions in the form of an outhouse, a front porch, or even a bird's house on a pole,—the joy of the Russian peasant. People have become so accustomed to living in these cars that if one is found empty it is immediately occupied, whether it is standing still in one place or rolling along the interminable railroad.

At the mine opening we explained our mission to the first workman we met, telling him that we had come as representatives of a group of Russian-American workers, who wished to settle in the old country. We were very cordially received; a foreman was called, and orders were given to bring oil lamps and to have a competent guide take us down into the mine. We entered what seemed to be a palace of coal,—solid walls on all sides,

floor and roof all of the same glittering material. Empty and loaded cars moved about, drawn by horses, or, more often, by men. We visited a room where men were at work with pick and shovel. The coal fell to pieces before our touch. The mining experts of our party were highly enthusiastic. They had never seen such a coal mine before; in extent, in depth of seam, in quality of coal and in ease of operation it seemed to be unrivalled. They criticized the layout of the mine, the primitive methods of operation, the lack of modern mining equipment and facilities, which made the work doubly laborious and cut the production in half.

This mine is one of five in the Kolchugino region and has been in operation for five or six years. Some of the equipment was installed during the war, and gives the impression of being hastily constructed and temporary in character. The work is carried on with unskilled hands, and therefore makes little progress. Moreover, the provisioning is insufficient, and the workers are very badly clothed. Many of the miners wear blouses and pants made out of torn bagging. Their shoes are torn, offering little protection against mud, sharp-edged stones, coal and iron bars.

Later we inspected the Capital Mine, the largest of the district. On the way we passed a number of miners' homes, which presented a very different appearance from that of the shacks which we had first seen. These dwellings were substantial log houses, or made of boards, with stone foundations and thick roofs. With little patches of green in front of them, they seemed attractive and livable. In some places there were larger houses, of one and two stories, for common housekeeping. When we arrived at the Capital Mine we were surprised to find a fully modern arrangement, with an imposing stone

building, a tall brick chimney, a steel elevator and every outward indication of a prosperous enterprise. The manager took us through the building, which housed a machine shop, a boiler room, an electric power station, and other equipment. The plan of the establishment was excellent; but the operation was seriously defective. The power station suffered for lack of a few essential parts. The building designed for the main turbine was empty; some parts of the turbine, which had evidently arrived only recently, were lying outside, while others were still in transit. The machine shop had a few badly worn tools; the sawmill operated one poorly constructed sawframe; the flour mill next to it had no millstones.

The shaft of the Capital Mine reaches a depth of 450 feet; and work is carried out on three levels. Neither the complete depth nor the extent of the coal bed is known; but the deposit seems inexhaustible. The seams of coal are thick and easily accessible. In some of the galleries men load their carts and roll them on boards to the nearest point reached by the rails. When asked why there was no mechanical contrivance, such as a cable, to pull these carts, the engineer replied that such an arrangement would be impossible because of the curves in the passage-ways which had been made by the unskillful efforts of untrained miners. There is a good deal of concrete work inside the mine, such as supporting walls, passages for the horses, etc. The facilities for dumping coal are better here than in most of the other mines visited. In two places the coal is dumped right into the railroad cars. At the same time many labor-saving devices are lacking. Long corridors inside the mine and long passages outside increase the labor and delay the operation.

There is a group of seventeen Russian miners here who

have returned from England and America; and they are easily the most efficient workers in the colliery. Their production is always fifty per cent higher than that of the other miners; and they are quick to finish the day's work. They employ drills, dynamite and modern excavating methods. The Russian miners, it would seem, do not care to work by blasting. They prefer the pick to the drill.

On the doors leading to the mine offices we found type-written announcements of a lecture and an election, together with a bulletin informing the workmen that extra time for work in the fields was allowed in July, and urging them to make up for this by redoubling their efforts during the days which they spent in the mines.

As we left, the engineer expressed the hope that he might some day have a chance to travel, to inspect works and mines in other countries, so that he might learn what is going on in the world and become a better worker for Russia. At the present time Russian intellectuals feel themselves lost in the wilderness, since they have neither books, nor papers, nor technical magazines, and the typical Russian loves to read.

At Bachato, a neighboring town, we met Petrov, a typical revolutionary worker. Originally a Ural workman, he had joined the Red Army, risen to a position of command, and carried the pursuit of Kolchak's routed army as far as Irkutsk. Now he is one of the Soviet officials who are working to bring order out of the political and economic chaos into which Siberia has fallen as a result of civil war and White misgovernment. Peace is not altogether restored even now. Petrov told us that robber bands, largely composed of ex-officers, still existed in the district which we had been visiting, making occasional raids upon the villages, and then retiring for

safety to the impenetrable fastnesses of the *Taiga*. However, he was convinced that the gains of the Revolution were being consolidated, that order was rapidly being restored. In this district production had really been resumed only in March. Already most of the mines were operating,—poorly, to be sure, but still getting under way; and excellent progress had been made in restoring damaged sections of the railroad.

One hears all sorts of stories of the civil war in Siberia. It seems that on one occasion a detachment of American troops advanced as far as Tomsk. The Red guerilla bands in the neighborhood decided to investigate. The young commander, who knew French, decided to act the part of a French officer. So he put on a new uniform, together with brightly polished high boots and walked up and down in front of the Tomsk railroad station, twirling a light cane in his hand. A couple of American officers out for a stroll soon appeared and naturally fell into conversation with this lively French officer. He complained of the wretchedness of the place, of the lack of enthusiasm among the Czechs, of the elusiveness of the Reds. The Americans were very sympathetic, remarking that they hadn't come to fight Reds or Whites and were merely guarding some sanitary supplies which they had brought. They added, incidentally, that their force was very small. The little French officer went on talking for a time, and then left his American friends. The next day he reappeared, metamorphosed into the commander of a Red partisan detachment, with several hundred men at his back, and compelled the Americans to surrender their stores. The officer, from whom I heard the story, adds that he had no trouble at all with the American troops, who turned over their supplies to the Reds quite willingly.

One thing that impressed us most painfully throughout our Siberian trip was the universal lack of medical supplies. In one out-of-the-way village we met a doctor who was pathetically grateful for the few aspirin and quinine tablets which we were able to give him. A recent graduate, he was full of enthusiasm for his work; but the means at his disposal were pitifully inadequate. He had neither drugs nor dispensary. In a district where typhus and malaria were prevalent he was forced to care for several villages with the help of two nurses and two assistants. The latter were ordinary peasant boys, without medical training.

We found another vivid illustration of the natural wealth of Siberia when we visited the mines of Prokopi-evsk. Here the coal rises to the surface in mighty layers, some of them 120 feet thick. The place is a veritable Niagara of coal. We saw some workings where it was only necessary to run a car to the side of the hill and shovel the coal into the car. A series of test diggings were being carried on to determine the size, shape and extent of the coal layers. We were told that some of these layers extend for miles, finally cropping up in the mountains to the north. We saw that every hole dug is brilliantly black with coal. The coal is clean, without a trace of slate, and leaves very little ash. The peasants, we were told, take all the fuel they need from the surface of the hills in this extraordinarily rich region. There is a huge coal mountain at Kiselevo, now renamed the Bol-shevik, where the coal comes out to the surface of the mountain side and is not even covered with sod.

Our guide gave us facts and figures about the neighboring coal deposits and showed us the beginnings of homes and barracks for the workmen, together with a sawmill and other equipment. At that time most of the

work was being done by the labor army and the local peasant population; and there was a crying need for experienced miners, lumbermen, carpenters and other skilled workers. The tools were most primitive; modern mining apparatus was almost entirely lacking. In one place vertical drilling was being carried on by the simple process of having seven or eight men pull a heavy iron bar up and down. In places where dynamite was to be used for blasting, the hole had to be made with hammers and crowbars.

The workmen here lived in the familiar railroad cars, making whatever additions they needed or found time to build. Some kept chickens or pigs underneath the cars, fencing them around with branches. We found activity everywhere: carts carrying lumber and sometimes driven by a young boy or girl, perched on the back of the horse; women washing clothes in the creek or carrying water in two pails hung on a wooden brace, Red Guards, mounted men and boys moving in every direction. We were invited to the "guesthouse" for lunch; horses and carts were placed at our disposal. A twenty minute drive brought us to a peasant house, where we sat around a big table and enjoyed a meal of soup, meat, *kasha* and tea. The house consisted of two rooms, in one of which we found enormous kettles of soup and *kasha* cooking on an American stove. The other room, which was reserved for guests, contained a large bed, together with a table and benches. The walls were decorated with posters.

A public meeting was announced for the evening; and we went off to pass our time until then. We visited a peasant hut and received a cordial welcome from the mistress, a sturdy, middle-aged woman, who was a native of the place. Her little hut was spick and span and it

was filled with a pleasant odor of fresh wood. She immediately put on the samovar and treated us to hot tea with fresh bread and honey. We met her husband in the yard, preparing for the hay-cutting. Like many of the miners, he did this work after his day at the mines was over.

Strolling about the neighborhood, I talked with several of the local Communists, who had been active leaders during the military period of the Revolution, and were now bending all their energies to the tasks of industrial reconstruction. They all seemed to realize that they faced an enormous task in putting their huge national property in order after the devastation and dislocation which had accompanied the long period of revolution and civil war. But now the wars were over; and they seemed confident that they could overcome the breakdown of the industries and the shortage of fuel and food. They were inclined to welcome aid from every source, whether from foreign capitalists or from the labor movement of Europe and America.

The meeting in the evening took place in the open fields, amid extremely simple surroundings. There was a pile of logs for the audience, with a few benches and a table in front for the speakers. Smirnov, the President of the Siberian Revolutionary Committee, opened the meeting with a straightforward business-like talk on conditions in the Republic and on the need for wholehearted coöperation in the work of reconstruction. He was followed by Bajanov, the head of the coal department, who also spoke in terms of facts and realities, and by Kudryavtzev, the head of the Siberian Miners' Union, who made a fiery oratorical appeal. Several members of our party also spoke; and Smirnov replied, thanking the Americans for their offer of assistance and calling on the people to stand firm until victory was achieved. The

meeting ended with the passing of a resolution and the singing of the International. (This song is as inevitable an accompaniment of public functions in Russia as the Star Spangled Banner was in America during the war.) There was a marked predominance of youth in the crowd. But there were old men also, with long beards, who listened to the speakers with close attention. Several nationalities were represented in the audience, including Tartars and several Chinese who had lived in the district for a long time.

We met Kudryavtzev, the President of the Siberian Miners' Union, on a railroad trip a few days later and he outlined the new direction in which the organization of Russian labor is tending. The idea of combining all the workers in a given industry into one big union is now being modified, because experience showed that in such organizations the minor crafts were left without a voice. So in the Miners' Union the miners, by sheer strength of numbers, could always prevail over the mechanics, drivers, carpenters, office workers and others who might be included in the industry. Proportional representation was being introduced in an effort to eliminate this unfairness.

The first impression which one gets from a trip through the mining and industrial regions of Siberia is that of great wealth which is not being utilized. It seems that there is no limit to the production which could be developed if skilled and abundant labor were available. This impression was somewhat changed by a conversation which I had with the head of the economic department of the Siberian Government. He pointed out that the lack of an adequate supply of food and clothing for the whole population had impelled the government to adopt such measures as the elimination of non-productive ele-

ments and the introduction of piecework. Now he was afraid, strange as it might seem, that there would be lack of employment instead of lack of labor. He argued that Russia, with her limited facilities, could put only a small part of her productive enterprises to work. With a rise in the energy and productivity of labor this volume of production would be possible with a comparatively small number of workers. Hence, a large number of superfluous workers would have to be dispensed with. Some could return to the land, but many would find themselves out of work. We asked if this condition could not be averted. He seemed doubtful about this possibility, observing that there was no equipment to provide employment for the idle workers. If this economist's diagnosis is correct, it would seem that the only cure for Russia's industrial disease is a large infusion of new capital. In these days of highly mechanized industry, not much can be done with bare hands; and the shortage of tools, even the simplest tools, in Russia is appalling. This was brought home to us forcibly in the course of a visit with the heads of the Soviet Siberian Government. I quote from my diary:

"Early in the morning we join the Smirnov party in their car, to travel together and talk. Smirnov's car has a small dining compartment, which is used as dining room and office. Telegraph instruments are in the room, a typewriter; the samovar is still on the table, with black bread and honey—the party is still having breakfast. A large dish of cedar nuts, freshly roasted, is there too, and we join in cracking them. With Smirnov is P., an electrical engineer; L., an ex-professor of botany; M., an economist and poet, and several other men—all prominent in the revolutionary struggles. Smirnov, himself, is a

young man—only forty, but he looks fifty and carries enormous responsibilities on his shoulders. From a Petrograd workman he has become ruler of Siberia. He spent many years in exile and had a taste of the Siberian convict camps, where the tsar's government kept him at hard labor, prior to the revolution. Freed, during the war, he became a leader in the revolutionary ranks, rose to generalship in the Red Army, took active part in the successful campaign against Kolchak, for whose defeat he is in a great measure responsible, and was entrusted with the administration of Siberia when the fight was won. A pleasant speaker is Smirnov, well informed on many subjects, with an engaging smile that wins you over at once. He is an excellent organizer, with an enormous capacity for work. We've known him to do with four hours' sleep and spend the other twenty in conferences, listening to reports and giving instructions. He is very quick to grasp a situation and swiftly reaches a decision, which is expressed always clearly, briefly. He received but a scant education; at twelve he was already at work; but like so many Russian workmen revolutionists, he is self-taught, widely read, and makes the impression of a deep student. In his party are also notable revolutionists: P., with a head like a dome and bulging eyes. He is the most brilliant man of the party, forever making witty remarks or joking or singing. Some one wants to open a window, P. wants to know what for. 'To let the air in,' is the reply. 'What! without a *propusk*' (permit)? like a flash from P., and we all laugh heartily. . . . L. is also a great wit, a fine talker, a highly cultured man, soft and good natured. . . . M., black-haired and black-bearded, had just returned from Mongolia, where he had lived a year or more, studying the country and its economic possibilities. He speaks English quite well, also

German; he is a statistician, an economist, and between jobs writes books and poetic dramas. It was both pleasure and instruction to listen to these as we were sitting thus in the car, rolling over magnificent Siberian country and cracking cedar nuts.

“ ‘We have inherited an enormous property,’ Smirnov was saying, ‘but it is in terrible shape, after these seven years of war and blockade. Our industries are ruined, our railroads lack equipment, fuel; our workmen do not get enough food, and the peasants are not able to till a large part of their soil for lack of tools, horses, cattle. The war has deprived us of two-thirds of our live stock. Our skilled men too laid down their lives in the tsar’s wars, and in the struggles against the counter-revolutionists. In this district,’ and he pointed to the country we were travelling through, ‘we just cleaned up the last remaining band two or three months ago; in fact, old officer bands, simple robbers, are still hiding in the *Taiga*, and occasionally making raids on the surrounding country. We’ve got to start building from the bottom; we need industries, coal, iron manufactures. We need new railways to connect our agricultural communities with the industrial cities. Look at the natural wealth about us’—and he pointed to maps showing coal deposits, iron ore deposits, silver, lead and gold deposits—to the timber lands rich in building materials, in fuel, in furs, to the rich black soil, that could grow almost anything man required, to the rivers where fish abound. ‘All this wealth needs to be developed, taken out of the ground and turned to man’s use. We are helpless just now, without tools, without means of communication. But, mind you,’ he continued, and his eyes glistened with inspiration, ‘we are just beginning our fight on the industrial front; we are determined to win, as we won on the military front, and

nothing will stop us from achieving our aims! We are through with wars, the country is at peace, we shall now have time to tackle the more difficult fight—that of economic reconstruction.’

“He proceeded to tell us that they were prepared to give concessions to foreign capital, if need be, to help develop Russian industries; they would make the terms very attractive, for they realized that their own strength was insufficient for a quick economic development. Foreign capital, foreign tools, foreign skill were needed in the up-building of Russian life.

“‘We are revising our economic policy,’ joined in M., ‘and steering along a new course. The experience of the past four years has taught us a great many things. We are now beginning to try out some of the lessons of this experience. Of course, while we had to fight for our lives against the Kolchaks and others, we could not think of industrial rehabilitation. Now, however, while we have comparative peace, we are devoting all our thoughts and energy to economic problems. We find we cannot get on without capital; our agriculture is too backward, our industries too undeveloped, we are short of everything and so we are compelled to invite foreigners to come to us with their capital resources and their organizing skill. We also learned that our own workingman, no matter how conscientious and enlightened he is—and we have many who are neither—will not work, day in and day out, unless some material incentive is offered him, and our new policy is providing for that. Some say we are going back on our principles: not at all. We are simply learning the lessons of experience, and applying them in life. Life is stronger than we are, it is pushing and pulling all about us; our aim is to make it more secure, to make it happier.’

“Here were the idealists of the Revolution, the dream-

ers, the dreadful Bolsheviks. After years of hardships, after years of struggle in the face of danger and adversity, now for the first time looking into the future with confidence, they sat about and talked as of old, still dreaming, over the cedar nuts, of a glorious world to come, with security and plenty for all. Not dreaming either, but actually performing, creating the better future. First revolutionists, then military campaigners, they are now peaceful administrators, economic reconstructors, captains of industry. Forgotten is the pamphlet, the sword and the gun; it is the hammer and the sickle from now on. Yet, neither the pamphlet nor the gun are thrown away; they have become practical, these idealists, and their powder is kept dry for any emergency. They are not to be caught napping, their guns are laid aside, within easy reach. And as to the pamphlets, those are used very skillfully too; propaganda among the peasants is kept up at all times, through print, by word of mouth, by pictures and dramatic art."

On the way to Kemerovo, one of the most promising industrial sites in Siberia, we had with us in our railroad car several members of the Siberian Revolutionary Committee, the governing body of the country. In discussing the ever-present topic of the industrial crisis, one of them raised the point that it is necessary to offer the workers some material inducement in order to insure increased production. He also felt that it would be a good idea to initiate a program of intensified production in a single establishment, instead of attempting to revive the industrial life of the whole country with inadequate resources. Every one agreed that Kemerovo would be an ideal starting point for such an experiment. Here was a large industrial center, with mines on one side of the river and a chemical factory on the other, with woodlands and agri-

cultural territory in the neighborhood which offered every opportunity for development.

We were talking about thoroughly practical things; but it was impossible not to feel a certain romance in the situation. Here were these men, veteran revolutionists, many of whom had spent years of exile or imprisonment in this same Siberia, now occupying the posts of the former tsarist generals and bureaucrats and working out projects for an economic order which would give plenty to all. They were now governing a large continent with a population of millions, performing tasks for which neither experience nor early life had prepared them, yet fully confident of the ultimate success of their vast enterprise. Some one recalled how Smirnov's mother, an intelligent old peasant woman, had laughed at her son and his friends, as she said:

"Look at these boys. A few years ago they were carrying around proclamations; and now they want to rule the world."

The coal mines of Kemerovo and the chemical factory are located on opposite banks of the River Tom, and connected by an aerial cable. We were taken through the factory by the engineer in charge, and found the system quite complete, including distilling columns, benzol and tar departments and a plant for the manufacture of sulphate of ammonia. We saw the boiler-rooms and the power-house, which seemed to be excellently constructed. The various departments were well housed, but their machines were only partly completed; and in the present state of affairs it is uncertain when these missing parts will arrive. The plant stands in need of leather belting, piping and some castings and fittings. Here, as everywhere, we find peculiar difficulties which stand in the way of increased production. One foundry which we visited might

make some castings which are needed here, but it lacks pig iron, brass, lead, skilled hands and means of transportation. The situation there is so bad that some castings which are ready for use cannot be delivered because there are no wagons strong enough to carry them the two versts to the station. Another iron foundry would do so and so if it were given food. Still a third lacks fuel. Some parts which had been ordered before the revolution from factories in Petrograd and the Don region have been completely lost on the way. In the meantime the Kemerovo factory has been stripped of a good deal of material on hand, such as pipes, belting and pumps, which has been taken for the urgent needs of mines and other plants. Our visit to the Kemerovo works was calculated to drive home the fact that, of all the difficulties which now beset Russian industry, lack of coördination is the worst.

A meeting to greet us was arranged in the local People's House in the evening. As usual we were warmly received; and our proposals for economic help and coöperation commanded close attention. However, from the questions which poured in on us after the speechmaking was over, it was easy to see that these Siberian workers, badly off as they were, keenly resented the idea that foreign concession-hunters might come in and plunder the natural wealth of the country. We were asked over and over again whether we were representing foreign capitalists, whether our plans had any features which might lead to the exploitation of the Russian workers.

At all these meetings I was impressed by the earnestness and simplicity of the workmen speakers and the working class audiences. They spoke and acted like men who had just been freed, who were trying to raise themselves out of their darkness, who felt their power and yet feared their own inexperience and lack of knowledge.

Time and time again we heard the sentiment expressed: Will we be able to cope with conditions? We have so little training; we have so few experts among us whom we can trust.

Siberia is unquestionably happier than Russia now, in spite of the distress which can be seen at the railroad stations. The problem of provisioning large city populations is not acute in a country with so few congested industrial centers like Siberia, and the peasant districts, while grumbling, are still feeding themselves quite comfortably. So far as we could observe, the Siberian peasant leads a carefree existence. He has an abundant farm which usually yields a good crop with little labor; he has cows, horses, pigs, sheep and fowl. Thus he gets plenty of milk and meat. Late in the summer his vegetables ripen and this gives him a varied diet of potatoes, cucumbers, onions, radishes, pumpkins and cabbage, along with poppy and sunflower seeds, which are generally eaten in Russia. Then he is apt to get additional food by fishing and shooting. Even for clothes he is not badly off, for the peasant women spin flax and make felt out of the sheep's wool. The peasant plants a little crop of oats for his horse and gathers sufficient hay from the endless Siberian meadows.

The Siberian peasant, with his vast distances, lives a good deal in isolation. The village is his world, the land is his source of life and wealth. He asks for nothing more. He doesn't care to raise anything that presents any difficulties of cultivation, and so there is practically not a fruit tree in Siberia. The Tsarist Government encouraged the peasant in this primitive way of living; it gave him neither schools, nor good roads, nor industries. Now Siberia is one of the most illiterate sections of Soviet Russia; only about two per cent of the peasant population

can read and write. However, schools are gradually being established, under great difficulties, of course, for there is a shortage of teachers, of books, of writing material. The peasant has come to appreciate American agricultural machinery, just as his wife has come to use an American sewing machine. Just now his chief grievance against the Soviet Government is the shortage of seeds. It is this lack, as much as the shortage of draft animals and tools, that accounts for the decrease in the cultivated area during the last year.

The city dwellers and the landless workmen are not so well off as the peasants. They depend almost entirely upon the government *paiok* (ration), and this is often insufficient. However, even in Siberia they succeed in obtaining a little land, on which they raise vegetables or grain. The railroad workers, for instance, often combine in groups of fifteen or twenty and secure some unused plots of ground to till.

From an industrial standpoint conditions in Siberia, as in European Russia, are far from satisfactory. The same causes of deterioration exist in both countries; general dislocation, due to war and revolution, sabotage and disaffection among the technicians, shortage of food and clothing for the workers and lack of essential parts in many factories. The vast untapped natural wealth of Siberia gives every prospect of an enormous development as soon as Russia experiences a general industrial revival.

CHAPTER II

FURTHER OBSERVATIONS IN SIBERIA

THE Russian Revolution and the French Revolution of 1793 are sharply differentiated from nationalist and political upheavals like the American Revolution or the English Revolution of 1688, by the profound social changes which were brought about. The daily life of the American colonists was not radically altered by their successful revolt against British rule. Plantation owners, merchants, farmers, artisans, all remained in essentially the same economic and social status. In the same way, the everyday life of the average Frenchman was not greatly affected by the mercurial shifting from monarchy to republic, which characterized French politics during the first three quarters of the nineteenth century. The political revolutions of 1830, 1848 and 1871 did not change the outstanding features of the French economic system. Men bought and sold and speculated in securities with equal freedom under empire, monarchy and republic.

The case was very different with the great French Revolution of 1793. Here a form of social organization that directly influenced the lives of the great majority of the French people, the feudal system, was swept out of existence almost overnight. It is a serious mistake to think of the French Revolution merely in terms of the exciting and spectacular events which took place in Paris. The storming of the Bastille, the guillotining of the King and Queen, the fiery debates in the Convention, all these things were mere surface manifestations, compared with

the fundamental revolution that was going on simultaneously throughout rural France. The French peasant was being transformed from a serf into a freeman. All the old humiliating feudal dues were swept away. The peasant no longer had to sit up all night flogging the pond so that the lord's slumber might not be disturbed by the croaking of the frogs. He was no longer forbidden to kill the deer and rabbits that sought to devour his crops. He was no longer plundered and cheated on every hand by the innumerable exactions and monopolies which the law placed in the hands of the lord. The Revolution gave him positive as well as negative advantages. At least part of the land which formerly belonged to the nobles, to the church and to the Crown passed into his possession. His standard of physical well-being improved. So the French Revolution, changing as it did the daily lives of the great majority of the French people, possesses a historical significance that is not attached to the adoption of a different political system or to the transference of power from one set of governors to another.

The Russian Revolution has proved an even more sweeping and far-reaching social upheaval than its French predecessor. Not only has it freed the peasants from the triple tyranny of tsar, Church and landlord; it has also abolished the old relation between the industrial worker and the employer. There is not a single social stratum that has not crumbled before the eruption of the revolutionary volcano. The personnel of the present Russian government constitutes the most dramatic demonstration of the thoroughgoing character of the Revolution. Its higher offices are filled by men who, with few exceptions, have served long terms of apprenticeship in exile or in Siberian jails. Going down the line, one finds that most of the presidents of the local Soviets and many

of the heads of large industrial enterprises are workers and peasants, who won distinction through their activities in the labor movement, or through their service in the Red Army. And the former rulers of Russia, the nobles and the bourgeoisie, are selling their furs and jewels and even, in some cases, going to work in Berlin and Paris and Constantinople. A more complete social shakeup could scarcely have taken place.

The Revolution has stirred the sluggish surface of life in the most remote Russian hamlets. Its effects are naturally most noticeable in the cities. Here the former poor, the "dregs of society," the low paid laborers and employees are no longer herded in damp cellars and treated like beasts. As far as possible available housing accommodations are made to serve the needs of all, on the principle of one room for one person. The Revolution has been a great leveler, a great agent of social democracy. Hostile critics have declared that the only equality which the Soviet Government has been able to assure is the equality of universal misery. Yet, even this grim equality represents an improvement over conditions in countries like Poland and Austria, where the rich, protected by legislation enforced by the armed power of the state, insult the utter destitution of the poor by their revels. The Soviet Government, for the sake of more efficient production, has compromised its ideal principles to the extent of giving technicians and managers a higher ration than falls to the lot of the manual worker. But the difference is not nearly so great in Russia as it is in other countries. The masses realize that the Soviet Government is doing everything possible for their interests; and for this reason their loyalty is unshaken despite the hardship which they are compelled to undergo. In fact, even these hardships, severe as they are and

appalling as they must appear to any American observer, are perhaps not so intolerable to men and women who dragged out lives of hopeless poverty and squalor in the days of the tsar.

One important and unmistakable change for the better which the Revolution has made in the daily life of the people is summed up in the schools, concerts and theatrical performances which have now been made available for the masses. The Revolution may be said to have socialized culture in Russia. It is rapidly bridging the wide gulf which formerly stretched between the educated few and the illiterate many. The disgrace of the tsarist régime, widespread illiteracy, is rapidly being eliminated. Everywhere the members of the Communist Party assume the task of giving instruction in reading and writing. Hundreds of thousands of peasants have been reached through the courses which are given in the Red Army. The present tendency in Russia is to make education more practical, to dispense as far as possible with mere book learning and to link up theoretical education closely with concrete facts. Russian educational leaders aim to give the children of Russia a balanced education, which will make the brain workers fit to perform a certain amount of physical labor and give the manual workers an equipment along cultural lines. What the Revolution has meant to the Russian workers in the way of increased cultural and artistic opportunities is eloquently summed up by H. N. Brailsford in his excellent book, "The Russian Workers' Republic":

"What struck me most was the universal popularity of music and the theater. Every club and trade-union center has its own entertainments, sometimes musical, sometimes theatrical. The proletariat is a lavish and

exacting Mæcenæ. Walking up the Tverskaia in Moscow one warm Sunday evening, when windows and doors were open, I seemed to hear music everywhere. Now it was a brilliant performance of a Chopin nocturne; a little farther on I recognized a familiar theme from one of the later Beethoven string quartettes. Next, a choir was singing some unknown Russian chorus, and across the way I watched the crowd streaming into a play of Andreyev's in a trade-union club. Sitting one evening at an excellent concert in the former Noble's Hall at Vladimir, a workingman turned to me and said, in his picturesque way: 'We used to live in the scullery and the drawing-room door was shut. We never knew what was behind it. The Revolution broke down the door, and now all this glory is ours. That is one reason why starving Russia endures in patience.' "

The Revolution has done more than give the masses an opportunity to become familiar with the musical and dramatic masterpieces which were hitherto largely reserved for the enjoyment of the wealthy. It has stimulated the imagination and initiative of the people and encouraged them to put on many amateur entertainments themselves. I happened to see such a performance in the People's House of the miners' settlement at Kemerovo. The play was a very intimate reflection of the life of the community, for it assumed the form of a mock trial of an individual holding a responsible official post. In this case the man on trial was supposedly the manager of the local factory.

The stage represented a revolutionary tribunal, three judges and a public prosecutor forming the court, while the defendant was represented by his counsel. In opening the court the presiding judge, dressed in ordinary

workingmen's clothes, stated the case and described the law on the subject. Then witnesses were called by both sides.

The plaintiff was accused of living in ostentatious style, of absenting himself unduly from his work, of showing lack of consideration for the workers. His accusers were Mr. Speculator, Mr. Hard-to-please and Mr. Town Tattler. As the case developed, it became clear that each of them had axes to grind and that the accused man had frustrated the attempt at grinding at the public expense. Witnesses showed that he was a faithful and effective administrator, and whatever domestic comforts he had assumed were merely such as to increase his efficiency in a rigorous task. In the end the audience were asked to decide the guilt or innocence of the accused, and by a show of hands they voted unanimously in his favor.

Plays of this character are common throughout Russia. They are cleverly staged, and the performers act with an abundance of enthusiasm. The actors are all workingmen, and, while their acting lacks polish and their speech is frequently halting, yet they are very much in earnest, and remember their lines pretty well. The audiences follow the performance closely; to them there is more truth than fiction in the play. Moreover, in the course of the performances they learn the laws, decrees and regulations of the government, together with information of a more general character, which is cleverly woven into the arguments.

The Russian Revolution can be fully understood only by meeting the human types which it has created. The typical revolutionary leader is the young, self-educated industrial worker. It is this class, more than any other, that has left its distinctive stamp upon the course and development of the Revolution. In fact, it is no exag-

generation to say that the Revolution would inevitably have gone under, had it not been for the heroic leadership furnished by men of this class. The peasants were too untrained, too isolated, too narrowly local in their outlook and viewpoint to organize a government that would have been an effective barrier against the assaults of foreign and domestic reaction. The intelligentsia, with a few honorable exceptions, fought or sabotaged the Soviet Government from the start. For generations they had called upon the Russian workers to rise and overthrow tsarism; but they had always taken it for granted that the workers would then invite them to assume the direction of the new government. A *bona fide* workers' government was not at all to their liking, in which manual laborers from mine, forge and factory constituted the dominant force in the government and held many important administrative positions. Under the circumstances the task of defending the Revolution devolved almost entirely upon the class-conscious proletariat of the cities; and it is to their energy and determination that the Soviet Government owes its present existence.

In this connection I recall the story of Nikiforov, a big six-footer of a workman who was holding a prominent position in the government of Siberia at the time when I travelled through this part of Soviet Russia. The fortunes of war and revolution threw Nikiforov into Siberia, near Omsk, as a locomotive engineer. When Kolchak captured the city, and all suspected communists were executed, the railway men were spared, partly because they were needed for their work, partly because they professed nonpartisanship. Nikiforov was placed in charge of a train carrying munitions to Irkutsk, where the Whites were running short of guns. Under a heavy guard he took the train and started out. But he was determined

that these munitions should never reach their destination. Under the watchful eye of the guard stationed at his side he could not alter the course of the engine, or block it in any way; but he was well acquainted with his machinery, and he knew that by shifting a certain part and pulling it out of place by a quick motion he could cause a wreck. Without hesitation, as the train was nearing a high embankment, Nikiforov quickly shifted the necessary lever and the engine promptly jumped the track, pulling after it the heavy train, which was soon nothing more than a burning mass of exploding debris. Nikiforov miraculously escaped with only a slight injury. He was tried by court-martial, but it was easy for him to cast the blame on the condition of the road, or on an open switch, as his own trick was performed so quickly that no one suspected it. Being ill he was permitted to go to a hospital, pending further investigation. On the second day in the hospital Nikiforov appeared to have lost his reason; the shock of the wreck had evidently been too great for him. Moreover, as it happened, the superintendent of the hospital was an old friend of his. So, on the ground of insanity Nikiforov was released from the hospital and dispatched to an institution in a village. But he did not wait to reach this institution—he preferred the wild *Taiga* (Siberian forests) and liberty. The hospital records duly relate his death on the way to the village, as a result of severe injuries received in the wreck; and Nikiforov, under the disguise of another name, was able to take up his work in the partisan movement which played such an important part in liberating Siberia from the tyranny of Kolchak.

A typical Red Army leader was Komyakov, a Petrograd toolmaker. In 1918 he was sent to the Urals in command of a Red regiment, and there took part in the

campaign against Kolchak. The Red soldiers were kept up night and day, held under strict discipline, forbidden to use liquor or to resort to robbery. After months of campaigning they reached Tomsk, with the enemy routed and fleeing before them. Komyakov called his soldiers together, thanked them in the name of the Revolution for their heroic efforts, and ordered a bottle of vodka for each man. The soldiers had not tasted liquor for months, and one bottle just whetted their thirst. Toward evening the regiment broke loose and went carousing. They broke into several wine cellars and the contents began to flow into the streets. The situation began to look serious; a band of young soldiers, hot with liquor, could do a good deal of damage. The inhabitants trembled with fear, remembering the pillage and orgies of the Kolchak armies. Komyakov, however, proved equal to the emergency. Collecting several hundred of his loyal troops, he proceeded to lock up every soldier who was found drunk. The prisoners were placed in cold barracks, under heavy guard. It was rumored that the ringleaders would be court-martialed and perhaps shot. The next morning, as Komyakov was at his desk in the staff offices, a delegation of six or eight soldiers came into the room and invited him to come into the street and talk with some soldiers. As he came out he was faced by an angry mob of soldiers, who had come to demand an immediate release of their comrades under arrest. Without a moment's hesitation Komyakov replied: "No, these soldiers have committed a crime, and they will be punished." "We will kill you if you don't free our brothers," shouted the furious soldiers, crowding around him. "All right, you may kill me," said Komyakov. "But remember you are soldiers of the Red Army, you swore to observe its rules; besides, if you kill me every one of you

will be shot for it." Komyakov's quiet but assured tone, his air of unflinching performance of duty finally won over the mob; and they dispersed, after apologizing for their mutiny. The unruly prisoners were later released, and no one had to pay the death penalty.

This anecdote illustrates the quality of discipline which was maintained in the Red Army. The workmen commanders of the Red Army, unlike the tsarist officers, who led the forces of Kolchak and Denikin, had both the will and the ability to keep their troops in good order. The hideous pogroms and other atrocities which marked every advance of the White armies were never duplicated by the Reds. This factor of discipline was a very important element in deciding the issue of the civil war. The sympathy of the local population was all important in the loose and irregular operations which characterized the Russian internal struggle; and this sympathy naturally went to the army which abstained from looting, drunkenness and other excesses.

The victory of the Red Army was a tremendous aid to the growth of a truly democratic national psychology in Russia. For centuries the Russian worker and the Russian peasant had felt the heel of the aristocrat upon their necks. Intolerable oppression led to desperate revolts; but the armed forces of the government were always strong enough to crush these revolts in the end. In 1905 practically the whole Russian people, in the cities and in the country districts alike, rose in rebellion; but the government, with its Cossacks and loyal soldiers, was able to crush the revolution and retain its autocratic power. Finally, in 1917, thanks to the intolerable strain of the war upon Russia's social and economic structure, the workers and peasants succeeded in capturing the citadel of government. Tsar and Church, landlord and capitalist

were stripped of power; and a government representing the interests of the workers and peasants was organized. Naturally the forces of reaction mobilized themselves to destroy this government. The trained tsarist officers, long accustomed to regard the common people as serfs, fit only to support them in peace and to follow them blindly in war, thronged to the standards of Kolchak and Denikin, professing contemptuous confidence in their ability to fight their way through to Moscow and annihilate the impudent proletarian government. The Bolsheviks at this time had few of the officers of the old régime on their side; and not all of these officers were reliable.

So the issue was fairly joined. The civil war was essentially a duel between the tsarist officers and bureaucrats, heading purchased armies, and the revolutionary Russian proletariat, a duel in which consciousness of aims, devotion to an ideal as well as courage, discipline, energy and organizing ability were the decisive factors. And the result of this duel was that the Whites were completely beaten on every front, despite the fact that the scales were heavily tipped in their favor by the liberal aid in money, munitions and supplies which they received from abroad. The old myth of inherent class superiority was exploded beyond the possibility of resurrection. No amount of theoretical argumentation could compare with the spectacle of Kolchak's and Denikin's aristocratic legions fleeing in headlong rout before the proletarian Red Army as a practical demonstration against the superiority of the leisured class.

Communism in Russia is preëminently the faith of the young. The reports published after each Congress of the Communist Party contain elaborate statistics about the education, age, occupation, etc., of the delegates. And these statistics show that a surprisingly large percentage

of the men and women who have risen to positions of prominence in the Party are under thirty years of age. Moreover, the Party has an efficient adjunct in the "Young Communist" organization, which plays a very important part in promoting both the physical and the mental development of the Russian youth. The young Communists are active in every kind of social work. They carry on constant Socialist propaganda; they are tireless in fighting epidemics and illiteracy; they are active in organizing athletic sports—a new development in Russian life. Under the stress and excitement of the Revolution many boys and girls have become full-grown men and women in experience and capacity.

One ardent young Communist whom I happened to meet was Volodia Kulikov, a boy of fourteen. We found him in a small Siberian settlement, organizing the Socialist youth of the district. A typical Great Russian in appearance, blue-eyed and strong-featured, Volodia was a handsome boy. He came from Jaroslavl. He was the son of an officer of the old régime and an aristocratic mother. But it seems that he was a Bolshevik from his cradle, for he joined the local Socialist group at the age of eleven. When his parents fled to Siberia in 1918 he was arrested by the Whites and kept for several weeks in a concentration camp. During the last year and a half he had been travelling around the small towns of Siberia, organizing branches of the All-Russian Union of Communist Youth. He was instructor, speaker, writer, all in one. When we first met him at a factory office he looked like a ragged street urchin, hatless, with dirty shirt and bare legs; but he had an intelligent face with remarkably bright eyes. When we saw him again addressing a meeting, he was resplendent in a new silk shirt and a red scarf, polished high boots and a little cane in his hands. He spoke like

a grown-up, citing facts and figures, telling his audience of the progress of Communist organization among the youth of the country, of the need for organization and education, of the intelligent youth being the hope of the country and the Party. When we last met Volodia he was on his way to Moscow to enter a high school there. He wanted a thorough education, he said, to prepare himself for the great work which he was planning to do. It is to boys like Volodia that Russia will look for leadership during the long period of reconstruction that must follow the years of war and revolution.

Then there is Pirojkin, the manager of two coal mines. Though one of the disinherited intellectuals, outspoken in his dislike of Soviet policies, he serves the government faithfully. He is an engineer of the old Russian school. He loves his cup, likes to substitute his fists for argument on certain occasions and possesses an extremely rich, convincing and expressive vocabulary of profanity. At the same time he is a generous, hospitable soul. He would be likely to knock a man down and equally likely to give away his last cent to some one in trouble. He didn't like the revolutionary overturn, because it upset all established values; but, like a good sport, he gave in and worked as conscientiously for his new masters, the Communists, as for the old; yet he did not spare them in conversation, cursing them up and down as ignorant, incompetent, incapable of ruling.

When we paid him a visit at his mine he was delighted. He welcomed the strangers with true Russian hospitality; nothing in the house was too good for us. There was an abundance of food and drink—in spite of the strict government regulations. For lunch and dinner he had the peasant with whom he boarded kill suckling pigs and prepare the best that the house could afford. He was a power-

fully built fellow, nearly six feet tall and weighing over two hundred pounds; and for our amusement he offered to wrestle with any comer. The red-haired peasant who waited on us, and who seemed as strong as a bull himself, was thrown like a cat at the first encounter. Our friend, F., a well-developed athlete, lasted a little longer, the great bulk of the Russian bearing him down in a few minutes. Then Pirojkin expanded and loosened his tongue.

"They are talking equality, equal rights, domination of the proletariat, workmen's administration and the like. Now what does it all mean? How can a workman, an ordinary, ignorant workman become an administrator? It's ridiculous, it's all bosh. A workman will only work with the boss at his back, stick in hand; remove the stick and there's no work."

No argument would convince Pirojkin to the contrary. "The world always had masters and slaves, and it is going on that way to the end of time."—The commissar who was with us listened and smiled. He knew Pirojkin and his type well; they are not to be changed, but they can be made to work effectively, in spite of their talk.

The general American impression that all Siberia is a land of Arctic cold is quite inaccurate. I travelled extensively in Western Siberia; and I was often struck by the resemblance of the country to our own Western States at the time when they were sparsely settled. A great part of Siberia is an enormous plain, with barely a tree on the horizon. The Siberian soil is rich, its possibilities have been very imperfectly exploited. A peasant will raise crops in a certain place for two or three years, then abandon his field for one several miles away. His cattle are allowed to graze as they will, with only a boy or girl to see that they do not trespass on the grain fields.

From the car window the Siberian landscape gives an impression of endless, even prairies, dotted here and there with villages. Stacks of hay, recently cut, cover the earth like golden hillocks. Occasionally stacks of grain or fields of potatoes are visible. But in comparison with the extent of arable soil, the amount under cultivation is insignificant. Some grain has already been taken off and carted to the villages. There is a yellowish tinge in the atmosphere; it feels like autumn. In fact, the villages show signs of preparation for winter. Piles of turf cut into squares are stacked here and there; walls are patched with earth and clay; the human animal is evidently ready to dig in for the winter. A striking sight is presented by some poor villages, where most of the houses display green grass roofs. Evidently the turf is blossoming into life.

I visited several of the large cities of Western Siberia, Novo-Nikolaievsk, Omsk and Tomsk. Novo-Nikolaievsk was built about thirty years ago, in the midst of virgin forests. It is encircled on three sides by the River Ob. The town boasts several brick and stucco buildings, several churches and high schools. The rest of the buildings are one or two-story log houses, with vast courtyards, now planted with potatoes. In fact, the front gardens and parts of the sidewalks are planted with the same crop. It seems to be the sole agricultural product of the neighborhood, for one sees little cabbage and no sign of any other vegetable or fruit. The houses on the outskirts of the town are made out of the handiest building material, mud. They are really nothing but mudholes, covered with boards or branches, with mud on top of them. The natives call these dwellings their summer homes.

The river Ob is useful to the town in various ways. Steamers run on it; the inhabitants bathe in it, men,

women and horses, with little differentiation. Moreover, its water is used in the homes; the river and a few wells constitute the town's entire available water supply. Water from the river is sometimes carried up the steep bank on the shoulders of women and girls. Otherwise it is carried in barrels on small wagons, through the unpaved streets of Novo-Nikolaievsk.

Yet in some ways the town promises to develop rapidly. It has recently become the capital of Siberia; all the government institutions are located there. The telephone system seems to function better than it does in Moscow; and there are electric lights in some buildings. Even automobiles are not lacking. At the same time Novo-Nikolaievsk still has some of the characteristics of a frontier settlement. The dirt streets are unpaved, and the wooden sidewalks are badly battered.

Omsk, which was the seat of Kolchak's Government, is a larger town and looks more prosperous. Small shops, selling faded candies, sweets, even tomatoes and melons, are doing a thriving business. Along the streets are food peddlers, men, women and children, one with a pail of sour pickles, another with some cakes, still others with jars of sugar, cigarettes, nuts, etc. Such signs as Café, Home-made Dinner, are common. The odor of cooking pervades the sidewalks, mingled with other odors which are far less agreeable. The cafés are located either in basements or in small temporary buildings, but the interiors look clean; and the samovars shine brightly. The town itself is half Siberian, half European in its appearance. There are some good buildings, displaying taste and good proportion, including a theater, schools, the former governor's house, municipal institutions, etc. In the center of the town is the large town market, dotted with timber structures. The side streets are of the famil-

iar Siberian type, narrow, with pigs and fowls running about in front of the little log houses.

Our party attended a meeting at Novo-Nikolaievsk of the Siberian Revolutionary Committee, the highest governing body in Siberia at the present time, which had been called to discuss a scheme for development of an important mining region with the help of foreign immigrant workmen. We watched the proceedings with keen interest, for we felt that we were witnessing a part of the Soviet apparatus at work. There were about thirty-five men and women in the room, mostly workers and peasants, with a sprinkling of intellectuals and professional men. A number of old Siberian revolutionary exiles now sat as rulers of the country where they had once been confined as prisoners. The average age of the gathering I should estimate at about forty. The Committee included few university graduates, perhaps a dozen, certainly no more; there were eight or ten Jews among them.

One could see fatigue in most of the faces. A few individuals seemed well fed and cheerful; the majority of the gathering, however, showed signs of strain and, probably, of underfeeding. The women appeared reasonably well fed, neither stout nor starved. The men were all dressed in Russian shirts and boots, some in leather jackets and riding breeches. Many had a two or three days' growth of beard. Some of the younger men carried revolvers on their hips and wore the Red Star decoration on their breasts. Black bread and butter were placed on the table, and a girl constantly went in and out, serving hot tea.

The meeting was conducted in a businesslike manner, with the observance of parliamentary rules. The discussion was orderly, with little heat or oratory. The speeches bore out the impression of a business meeting

called to discuss a business proposition. There were references to the proletariat and revolutionary spirit; but these were apparently put in for form's sake. The dominant viewpoint was a desire for results; and this attitude would probably hold true for any local administrative body in Russia to-day.

CHAPTER III

FROM A URAL DIARY

ONE of the richest mining and industrial districts of Russia is located in the Ural Mountains. During the month of September I accompanied an economic mission on a trip through this region, visiting a number of mines and factories and coming in contact with a cross-section of the industrial life of present-day Russia. In this chapter I shall attempt to set down the most salient impressions of this journey, as recorded in my diary.

September 5, 1921. The engineer in charge of the Upper Kyshtym plant is a good example of how the young technicians of Russia had to live and work during the revolutionary period. He is a graduate of the Petrograd Technological Institute, where he worked his way through by singing in concerts and opera. At Kyshtym he is not only the chief engineer of the iron works, but also the manufacturer of matches and soap for the coöperatives. In this way he is able to increase the Soviet *paiok* of thirty-six pounds of flour a month to a point where he can get enough to feed himself and his family.

Early in the afternoon we went on to Cheliabinsk, reaching this place late in the evening. We still had time to walk about the station and here, in a little park, we encountered one of the scenes which are so common in Russia at the present time. Many peasants from the famine districts, on their way to seek new homes, were lodged there, cooking, eating and sleeping in the open. In the midst of the refugees some indomitable young Rus-

sians were playing the accordion while a large crowd listened attentively.

September 6. At seven in the morning we reached the Cheliabinsk mines, which are about twelve versts from the town. Here we found Kiselev, the assistant manager, waiting to accompany us over the mining district. As soon as the manager, Comrade Teterin, appeared, we all marched out in the raw drizzle to inspect the mines. The Cheliabinsk mines cover an area of some twelve square versts and consist of a dozen or more open cuts, with two shafts, about 120 feet in depth. The coal, which is of the brown type, appears in layers about twenty or thirty feet below the surface. There are several known layers, some being fifty feet thick. The coal that is close to the ground is worked by open cuts and carried away by horses or small handcars. The mechanical equipment of the mine is very inadequate, as there are only five excavators at work, together with a small number of mechanical elevators. There is not sufficient tracking to transport the coal to the wide-gauge railway which runs through the property. The present production of the mines, with a working force of eight thousand men, is about three million poods a month. The working force includes only about eight hundred miners. At present the mines are in a desperate situation because of the lack of food. The management could easily dispense with a part of the working force, especially with the fifteen hundred labor army men who are there apparently to work, but are actually producing very little, while being fed at the expense of the mine. Both the manager and his assistant are very able men, and are making a desperate fight to keep up production, in spite of the impossible food situation. They get their provisions from the state food organization, which is completely exhausted at the present

moment and does not expect any new supplies until the agricultural tax is collected within the next four or five weeks. While the state of Cheliabinsk has not suffered from drought to such an extent as the *gubernias* (states) along the Volga, it is, nevertheless, in the famine belt; and it is compelled to appeal to the central government for help.

Kiselev, the assistant manager, is a Russian-American immigrant who returned to Russia at the first call of the Revolution and has been participating actively in its work ever since. He was in the Red Army three years, rising to the command of a regiment, taking part in many battles on almost every front and being wounded six times. Now he has been demobilized in order to take charge of an important industrial enterprise. This is true of most of the men whom we found at the head of government institutions and establishments; they have all gone through the severe military campaigns of the last three years, either as officers in the Red Army or as leaders in partisan bands which operated against Kolchak and Denikin.

These men are inexperienced in the industrial field; and yet they have to cope with the problems of production under conditions which very few captains of industry have to meet. The equipment of many establishments is obsolete; and even when adequate, it is often badly in need of repair and replacement of worn-out parts. There has been a most serious dislocation of the working forces. The active skilled men who were employed in the large modern factories in such big industrial centers as Moscow and Petrograd, Southern Russia and the Urals have been, to a great extent, killed in the war or the groups have been split into small units and scattered all over Russia and Siberia. The younger men who are still in

military service form units of the labor army, which are sent here and there, but which, so far as I could see, show little skill or efficiency in industrial labor. Consequently, most of the work in the mines and factories falls upon the older men and women, who are unskilled and physically weakened by the hard life of the last three years. This accounts for the large number of workmen employed in industry and for the very small production obtained. Moreover, the nation's food supplies have been generally insufficient throughout the whole period of the Revolution. The daily ration of the workman has varied from one to two pounds of bread; other foodstuffs have been almost entirely lacking. Even this meager ration has been reduced since the spring of this year. Considering all these facts, one can imagine how difficult is the task of stimulating production. Furthermore, there are many other elements, such as transport difficulties, lack of coördination between governmental departments, etc., which tend to aggravate the present situation.

As we returned to the car from our inspection of the mines we had a very interesting discussion of the situation of the mines in detail and of Russian economic conditions in general with Teterin, Kiselev and one of the mine foremen. These men were all convinced that the so-called State capitalism which the Soviet Government is now introducing is a great forward step which will unquestionably help to reestablish the industrial life of the nation. They all agreed that the workman, as well as the manager or technical expert, must have a material interest in his work. The bitter Russian experience of the last three years has taught every one that ideals alone do not suffice to stimulate the workman day in and day out. Work in a mine or factory does not appeal to the imagination; the interest in it wears off in a short time

and the spirit of even the most ardent communist is dampened when he does not see any prospect of immediate improvement before him. The new policy of economic reconstruction, offering the worker the inducement of a direct material benefit if his work, or the work of his unit or plant, is well done, is certain to result in greater production.

September 7. We left Cheliabinsk during the night on the way to Zlatoust, stopping at Miassk for a visit to a file factory there. We drove in rain and mud to the factory, which is about six versts from the station. The surrounding country is very beautiful, with high mountains rising in the distance. Our Ural experts assured us that if this place were in western Europe it would become a renowned health resort, because of its climate and because of the mineral springs which abound in the vicinity. The factory is located in the center of a thriving village which impressed us by the number of excellent houses, each displaying curtains and flower-pots in the windows. The factory was organized during the war on the premises of an old iron mill and was equipped with machinery transported from Riga. The production of the factory, which operates on a two-shift basis, is some ten thousand dozen files a month. This figure could easily be increased by fifty per cent if more food were supplied to the workers. The manager of the plant, with tears in his eyes, explained that it had been necessary to discontinue work during the last few days because no supplies had arrived. The workmen are getting a very small *paiok* (twenty-eight pounds per month); but they are willing to continue working even at this rate in order to keep this very necessary industry going. The plant is well provided with fuel and steel, the machinery is in good order, the factory has all the men it needs; it makes a

product very badly needed in Russia, and yet it cannot operate.

We returned from the factory to continue our journey to Zlatoust. We spent the whole afternoon at the car windows, for we were passing through the most beautiful part of the Urals. Several mountain ranges came in view, with deep valleys and lakes, and occasionally a small mountain village; the background of tall pine and light birch now turning golden, with a flash of red here and there, was extremely attractive. We are now approaching Zlatoust, which is spread on the side of a mountain on the shore of a small lake; it resembles an Alpine village from the railroad. However, it has a population of eighty thousand, and there are a number of important factories and mines in the neighborhood.

September 12. This morning we reached Ust Katav. Here we found one of the best organized iron mills that we have visited so far. They turn out freight cars for the most part, with a few passenger cars. The capacity in normal times is two hundred a month. Like all the Ural mills, it was established perhaps a hundred and fifty years ago, near a small river which supplied power, and even now it retains the old, dungeon-like original building. But most of the plant is housed in a dozen large new modern buildings, which are well equipped, and operate with an appearance of modern mechanical system. The engineer in charge, an elderly, dried-up Russo-German from Saratov, has managed the plant for more than ten years, through all the political upheavals which have taken place since the war, and his organizing ability is clearly shown in the systematic working of the establishment. The machinery is well arranged, the raw material is kept in order, and the finished stock, of which there is a large quantity, is maintained in excellent condition.

Since June the plant has been operating at a lower rate; but the management hopes to start up very soon with a working force of eleven hundred men and a production program of a hundred cars a month, together with spare parts for fifty more cars. The establishment is hampered by the lack of timber, which has to come all the way from Siberia, and by the lack of parts which it does not produce itself, such as wheels and axles. For this reason, it expects to do more in repairing old cars than in producing new ones, and this is perhaps more useful at the present time.

The plant seems to have an ideal location in a lovely village on the banks of a river, surrounded by green hills. But even here the lack of bread is evident. Scheffer, the old engineer, shows it plainly, as do most of the working men and women who are employed there. The general poverty also appears in the ragged clothes and torn boots of the workers. Yet there is plenty of energy here, and a genuine desire for production. The indomitable spirit of these men, of the young Communists at the head of the enterprises, of the engineers who love to see their work carried on, of the regional officials like Krapivin, who neglects food and sleep and is acquainted with the minutest details of the twenty plants under his management, these constructive forces will yet find a way to reestablish industry and to bring about the economic revival which Russia is now striving with all her might to obtain.

We are travelling on, crossing the mountain into gently rolling country, fringed with woods and intersected with swift streams. We see a good deal of freshly plowed black soil, but the Bashkir villages which we pass seem to be very poor. The Bashkirs are not very good farmers at best, and this year they suffered a complete crop fail-

ure. Even potatoes and cabbages, which were raised successfully in the rest of the Urals, failed completely in this region. These villages, we are told, are completely stripped of food; they do not even possess the small amount of flour which peasants elsewhere mix with weeds and roots to make bread. The death rate in these villages is extremely high.

September 13. We spent part of the day strolling about the town of Ufa. This was formerly a large trading and shipping center; and it still retains spacious market places in which peasants and traders can exchange their products. Now most of the trading is in foodstuffs and second-hand articles of all kinds. There are really three or four separate markets, with certain lines of demarcation between them. One row displays bread, another has dairy products, while a third is devoted to old clothes and household articles. We ran across the flour market and the meat-and-fish market in different parts of the town. Some traders occupied stalls, while others displayed their wares in a row right on the ground. We encountered many peddlers of boots, cloth, saccharine, cigarettes, old bottles of perfume and a thousand and one other articles, probably kept in middle-class homes for many years and now offered for sale. We were surprised at the size of the market and the abundance of provisions displayed. We had seen nothing of the kind on our trip so far. We stopped to price some of the articles and found that bread was selling at 3500 rubles a pound, while bread made with *lebeda* cost only 1,000 rubles a pound. This *lebeda*, an unwholesome, bitter weed, which grows abundantly everywhere, was also on sale in the form of black seed. Some stalls displayed honey in home-made wooden buckets, beeswax and hops. The meat and fish stalls were mainly presided over by Tartars and

probably sold as much horse meat as beef. Many of the products on sale, such as the crude pottery, tin pails, kettles, etc., were made in peasant homes. There were many pathetic figures among the traders. Middle-class women offering some of their old finery—a piece of old lace, an old hat, a couple of silver spoons or a bright nickel samovar. Old men could be seen holding tightly to a silver watch, or a worn pair of trousers, and mutely appealing to passers-by to give them something in exchange.

September 18. A party consisting of Dr. Hammer, Grisha and myself started out this morning from Ekaterinburg on an automobile trip to the Kasli factory, which is celebrated all over Russia for its art castings. Our machine was an old Stevens car without a top, with a seat which barely held three. The chauffeur and his assistant were in front; in the Urals the rule seems to be that a chauffeur must be accompanied by an assistant. The distance to the factory was about a hundred and thirty versts; and the chauffeur assured us that we could make it in three or four hours. We made a good start, following the Cheliabinsk road, a broad highway between Ekaterinburg and Cheliabinsk, paved in places, but mostly mud. About twenty versts out something went wrong with the motor. The chauffeur refused to go further and suggested sending his assistant on foot to the nearest village, six versts away, to call up Ekaterinburg for another car. Before doing this we decided to look into the cause of the trouble. This was soon discovered by our enterprising doctor, who thereupon took the wheel, to the great disgust of the chauffeur, and started off at a good pace. He did not mind the bumps or turns of the road or the peasant carts loaded with grain and hay which kept getting in our path; and we should have

gone on splendidly if one of the tires had not burst while we were passing through a village. We were fairly hungry by this time, so we left the car to the attention of the two chauffeurs while we went to the nearest peasant house, where a samovar was quickly heated for us. With this, and with the bread and butter which we carried in our bags, we were considerably refreshed.

When we returned to the car it was pouring, but the chauffeurs were eating bread and canned fish in the rain, surrounded by a dozen or more of the village boys. We covered ourselves as well as we could and set off, to the great amusement of the boys, who ran after the car for some distance. We experienced a second tire accident, but fortunately a car, belonging to some military officer, came in sight at this moment and supplied us with two tubes. Having repaired the damage, we made a fresh start. It was still raining, the darkness was coming on. At first we travelled through fine open country, between fields of grain which was being cut and stacked or piled on wagons. Men and women were working everywhere. Now we entered a thick pine forest, heavy with rain and mysterious in the fading light. The car stopped again, and this time it seemed impossible to start it. Water got into the benzine tank and no matter what we tried to do the engine would not turn over. We struggled along until midnight. Then we discovered that we were about nine versts from the nearest village and decided to wait where we were until morning. Wrapped up in our blankets, we all huddled together in the car, with the two chauffeurs in a heap in front of us. But the cold and the dampness got the best of us; by three in the morning we were already up. We lit a fire, fed it with branches and whole saplings from the nearby wood and soon made it so hot and blazing that all the chill was taken out of us.

The inventive doctor improvised a toaster out of a tin can and we all had toasted bread for breakfast. After a time we set to work on the car, and to our surprise the engine began to turn and the machine started off. The sun was just rising and shining through the forest. At seven we reached the village of Shelgoon; but this was the limit of our progress, since our last drop of benzine was gone. We were in an awkward position, as Kasli was still more than fifty miles away and no benzine was to be had within many miles of Shelgoon.

It seemed early to look up the village authorities, but we went to the headquarters of the local Soviet and found a number of peasants waiting there already. In a short time the young president came along, and, finding that we were members of an American mission in distress, offered us all the assistance in his power. He took us over to the village "guesthouse" for breakfast and secured two peasant carts in which we could continue our journey. It was thirteen versts to the next village, and we were pretty badly shaken up sitting on a thin layer of hay in the cart. The old peasant who drove the first cart complained of the hard times, the bad harvest and the difficulties of planting his three *dessiatines* of land. For the drive of thirteen versts he received a thousand rubles. The chauffeur accompanied us on the ride, thinking he might be able to get some benzine in the village; but it was not to be had, so he was compelled to go back to Shelgoon empty-handed, while we tried to make arrangements for another cart to take us to the next village. Here also we received help from the local chief, whom we saw at his house. This man was formerly a workman in Ekaterinburg, who had returned to his native village and taken up farming after the Revolution. When we showed him our credentials he apologized for not being able to read, but

he proved to be as shrewd and kindly a peasant as one would wish to meet. Again the inevitable samovar was placed on the table, and, as we had no more bread to go with the tea, our host's wife offered us some of her own, made of rye and potatoes. There were a number of visitors in the house, old peasants who were greatly surprised at meeting Americans and wanted to know whether the people in America had enough bread.

After passing through another village, where we encountered the same cordial hospitality, we reached Kasli late at night. Here we had comfortable beds and enjoyed a good sleep. In the morning we were given the most delicious meat pies with our tea; and we all agreed that the Russians are the kindest, most hospitable people in the world. Now it was time to attend to the more serious part of our business, the inspection of the Kasli works. Accompanied by the manager, Sacharov, and by the chief engineer, we made the round of the plant.

The Kasli works have a history similar to that of most of the metallurgical plants in the Urals. They were opened in the middle of the eighteenth century by some enterprising local merchant and developed from a humble beginning into a large industry. The art of iron casting was cultivated here, and the plant came to specialize in the creation of finely wrought artistic and architectural works. A group of master founders grew up who had spent all their lives in the works and handed down their skill to their sons. It was upon such workmen that the reputation of the Kasli plant was built. At present only a few of these skilled artisans remain, and not all of them find regular employment at the works. The management, however, is doing all it can to retain and encourage the artistic skill in the younger workers, who are trained in a special shop so that they may acquire knowl-

edge of the art. The Kasli plant is one of the few industrial establishments in the Urals which has been kept in operation ever since the establishment of the Soviet power. Sacharov took charge in May, 1920. At this time thirteen hundred workmen were employed, but since the spring of this year the number has been reduced until only eight hundred and fifty are employed now. Before the war the number of workmen reached 2500. The 1920 program was 54,000 poods of castings, and the actual output reached 91,000,—167% of the estimated program. Moreover, 600 poods of brass castings were turned out. This year it was hoped to equal the 1920 output, but the production will fall about 20% below this figure because of food difficulties.

By improving the food situation and increasing the mechanical equipment to some extent the plant could easily double its output. It could manufacture railroad equipment, such as boxes, plugs, iron and brass valves. Iron pipe, a former product of the plant, could easily be made again if the lacking equipment were supplied. A much greater output could be secured for the department of artistic castings by bringing back the skilled artisans, who still live in the villages and are working the land. At present only ten or twelve old men are employed in this department.

Sacharov, the manager, makes an excellent impression; he is popular with the workers; and it is due to his efforts that the factory is fairly well supplied with food. His assistant, a middle-aged engineer, is not as enthusiastic on the subject of production as Sacharov is; he is inclined to find fault with present conditions. In addition, there is a small technical staff, which seems, on the whole, to be pretty well organized. We were asked particularly about our plans, whether we had come to take

the plant on a concession basis, and whether we could promise them larger supplies in the future. When we expressed our interest in the art castings and wondered whether this department could not be stimulated by increasing the pay of the workmen, so that an export fund might be created, Sacharov replied that this could not be done very well, except as the remuneration for the entire plant is raised. As for immigrants from America, they could use a small number of skilled men, such as lathe hands and machinists, but for the greater part of the work, as well as for the art work, they could find all the men they wanted right on the ground.

In the afternoon we drove over to the neighboring Kyshtym Iron Works, which are not operating at the present time. The resourceful director, Gavrilov, has been devoting his time to the building up of a communal farm. He obtained an allotment of 600 *dessiatines* early in the spring, secured seeds and implements, organized a crew of farm workers, and can now boast of the largest and best managed Soviet farm in the Ekaterinburg province. He enjoyed a fairly good harvest of wheat, oats, millet, cabbage and potatoes, raising enough, he said, to keep his own works in food for a year; but most of this food will go to the Central Office in Ekaterinburg, since his plant is standing idle. He told us that he liked this kind of work, and was just begging for a chance to enlarge his farm or to create several others in the different parts of the province. He impressed us as a man who has come from the people and was still very close to them; he felt that the chief need of the present moment was to provide the peasant with seeds and tools; if this were done, the peasant would raise the grain that would feed the towns. He did not believe that the peasants as a class were shirking their duty of bread-producing; the

decrease in the area planted during the last two years must be ascribed, not to any ill-will on the part of the peasants, but rather to a dire lack of such essential requirements as seeds, tools, cattle, as well as farm workers. Gavrilov stressed the peasant's love of his land and his almost physical impulse to till it, no matter under what conditions.

September 21. We paid a visit to the Imperial Cutting Factories, which were established in Ekaterinburg a century or more ago, for the production of *objets d'art* from the beautiful Ural minerals and for the polishing of the precious stones found in the Urals, emeralds, aquamarines, etc. An old superintendent with a bushy shock of gray hair conducted us through the building and showed us some wonderful pieces of malachite, jasper and chalcedony. There were two or three enormous urns, beautifully shaped and carved, together with many smaller pieces. The largest piece, a Grecian urn on a small pedestal, carved in red jasper, took some twenty-five years to make. This factory again demonstrated the wealth of the Urals in rare and precious minerals. There are possibilities here for the development of a precious stone and art industry.

In the evening we attended a performance of "Geisha" at the local theater. We found both the performance and the audience highly interesting. The performance was well above the average; the girls were no less pretty than in American theaters; and the costumes were excellent. The comedian distinguished himself by his topical songs of present-day manners and customs, which seemed to amuse the audience, who encored him several times. The audience, which consisted mostly of young people, gave an impression of good dress, good cheer and general well-being. Between the acts the spectators

walked in pairs in the halls. Refreshments were served in the buffet,—a glass of sweet tea and cake for five thousand rubles.

September 24. We arrived this morning in Neviansk. The large iron plant here is one of the oldest in the Urals, having been established in 1700. The bell tower and the clock tower have stood ever since that time. The clock tower reminds one of the leaning tower of Pisa, as it has settled very much to one side and threatens to fall over; but the natives say: "Nitchevo; it has not fallen till now, so why worry." The old equipment of the plant has not been in operation for a long time. During the war, however, a good deal of reconstruction took place, and an enormous amount of equipment was installed. The plant has an excellently organized mechanical department, with machinery capable of turning out the heaviest types of construction, such as dredges, turbines, etc. For some time it has been repairing locomotives and building cars.

September 25. Having reached Alapaievsk, a party of us went out to visit the neighboring asbestos mines. We travelled part of the way by a little narrow gauge railway, and drove the last stage of the journey over a muddy wood road, which brought us to a huge white asbestos mill of modern type, built within the last twenty years. Beyond it were a large number of houses and yards, fenced by open bars, and we drove up to one of the houses, where we found the manager of the asbestos mines. As we stood at the top looking down, the mines presented the appearance of a huge Greek amphitheater, tier upon tier of gray rock, with a large circle in the center. A narrow track wound through the mine, and a number of empty iron cars stood idle, as the mines had

not been operating since April. Here, as elsewhere, there was no bread to give the workers.

The asbestos is found in layers from half an inch to several inches in width, which appear between the rocks. A fairly expensive but simple method of mining is employed. Dynamite is used to break up the rocks, the asbestos-bearing rock is picked out as far as possible by hand, then sent to the mill for further crushing and cleaning. When washed and dried, it has the appearance of soft white cotton. Both in the Urals and in Siberia there is an abundant supply of this mineral. The one mill which we visited prepares 3,500,000 poods a year when it is in operation; and, as all the apparatus, both in the mills and in the mine, is in good condition, a few thousand dollars' worth of food and clothes would be sufficient to inaugurate the development of this industry.

In the evening we had supper at the Peoples' House. The long table with its white linen cloth was nicely set and decorated with several vases of fresh flowers. Most of the leading workers of this region had come to hear the message which Martens, the Chief of the Metallurgical Division of the Supreme Council of National Economy, had brought from Moscow. The meal began with delicious soup, made of vegetables and pork. This was followed by fresh ham, mutton chops, creamed potatoes and cranberries, while for dessert we had a large dish of pastry with tea. Of course, the pastry was made of dark flour with little sugar, but it was good.

After the meal was finished, Comrade Balakin, a member of the county Communist Party, made a speech of welcome to Martens and his commission. At the table sat Russian workers, representatives of the management of the local factories and forestry department, as well as of the Communist Party. There was also a

sprinkling of technical men. All wanted to hear the plans of the Soviet Government for starting up the factories before winter. All the mills and factories which were not on part time were entirely closed in this region, as in other parts of the Urals. Martens responded to the warm welcome and gave a clear explanation of the economic policy which was to be followed and of the concrete efforts which the government was making. He told of the agreement which the Ural Industrial Bureau had concluded with Dr. Hammer for the delivery of 1,000,000 poods of flour and he assured his audience that the workers in the Urals would have part of the food necessary to set some of the factories going. Then the American comrade, Miss Lucy Branham, was called on for a speech and responded with a greeting from American labor to the Russian workers and peasants. She told them of the American campaign for friendship with the Russian people and for recognition. At the end of the evening, the Chairman, Balakin, handed her the following note:

"Please transmit to the American comrade-workers warm greetings from the Ural hills of Alapaievsk. Just three years ago the workers here dropped their tools and stood up to defend the Urals against the Czechs. The mines of Alapaievsk have swallowed up seven hundred corpses of the best workers, who perished at the hands of the Czech executioners and the Kolchak murderers. I thank you for your visit and hope you will come to see us again. Balakin."

September 26. Reaching Lower Salda during the night, we proceeded with our inspection early in the morning. Here we found one of the few plants which

are in actual operation, rolling heavy beams. The daily output of beams is about ten thousand poods. The director of the plant, Zuev, is a workman about thirty-five years old; and his assistant is a young engineer from the South; several other workmen, heading the labor committee and the other committees attached to the plant compose the management. We noticed a large number of men and women standing about, waiting in line in the offices; this was the day for the distribution of the *paiok*. The engineer, like many of the technicians whom we met in the course of our trip, has a good deal of fault to find with present conditions. In the first place, these men, who have had university training, resent being placed on the same standard of remuneration with workmen; in fact, the older men among them, who have been accustomed to a higher standard of living under the old régime, get along with great difficulty on the common *paiok*. They contend that the workmen also are doing as little as possible on account of this equalized and inadequate ration. But the technician, the intellectual, feels his hardships more keenly. One of the engineers with whom we spoke had taken to farming and woodcutting in order to supplement his meager income. These men certainly lack enthusiasm, and their work in the industries shows it.

September 30. Starting out from Lower Tura, we made a trip into the country to visit the platinum fields. The whole region here is interested in platinum; formerly every peasant hereabouts worked in the platinum fields, either as a worker or as a *staratel*, a sort of small contractor, employing a dozen or more men. Now, however, private operation is suspended, and the government work occupies only a small part of the population.

Since the Revolution the work in the platinum fields

has gone rather poorly. All the dredges are badly in need of repair; there is a great lack both of skilled men and of essential equipment, such as repair parts, belts and electric lamps. However, the main question, here as elsewhere, is lack of food; if adequate rations could be assured, the digging would be going on at full speed. The government has recently issued a decree permitting private contractors to engage in mining.

October 4. From the railroad station Perm seems very prettily situated on the banks of the Kama. The gold and green domes of churches and mosques, crowned either with a cross or a crescent, rise out of the mass of low buildings. Walking through the city we found it quite interesting, with straight wide streets, many handsome buildings of white stucco with green and red roofs, and homes constructed of logs, with elaborate doors and window-frames in lacy designs. We passed through the markets, stopping at the stalls to price a wooden spoon or a pair of boots or to listen for a moment to a blind accordion player. The market here is rather small and the display of merchandise is limited, as compared with Ufa, for example. Moreover, the price of bread is higher. We bought a round cheese, weighing four and a half pounds, for 72,000 rubles. We also paid a visit to a barber shop operated by women barbers on a co-operative basis. The place was neat and clean; and our whole party was put in excellent trim for the modest sum of 25,000 rubles.

October 5. We are now well on our way back to Moscow. The crowds at the different stations are no longer so large as on our previous trip; but barter is still going on at every station, meat being offered in exchange for salt, or eggs or potatoes. At one station two little girls

carrying milk asked for needles, which one of our party quickly produced, receiving a bottle of milk from each girl in exchange for two needles. Other passengers could be seen carrying roasted chickens, stacks of pancakes, etc. Evidently no one who has anything to exchange need starve along the railway.

BOOK II

INDUSTRIAL RECONSTRUCTION

CHAPTER IV

PERIOD OF MILITARY COMMUNISM

THE Red Square in Moscow is renowned in Russian history from the earliest days. There, in front of the Kremlin, the tsars of old, the terrible Ivan, and others no less terrible, held court and judged their subjects; there stands the monument to Minin and Pojarsky, the saviors of Moscow; not far from it is the Place of the Condemned where noble victims were executed in full view of the populace. There Napoleon stood in 1812 at the head of his shivering army, and watched Moscow burn; there passed in review before the late tsar, guarded by a thick wall of police, soldiers and spies, recruits going to slaughter on the fields of Germany; there also the rich Moscow merchants and aristocracy drove about in imposing parade on Palm Sundays; and once a year, for a week before Easter, the Square became converted into a teeming fair, where the people of Moscow and the peasants from the country miles around traded and amused themselves.

The name of the Square, *Krassnaya* (Red) *Plosschad*, is an ancient name, and has nothing to do with the Bolshevik régime. Red in Russian means pretty, splendid. Everything that he loves, the Russian calls "red"—*krassny*, as "*krassnaya devitza*"—red (pretty) lass, "*Krassnoye solnyshko*"—red (splendid) sun; "*Krassavitza*"—beauty, etc. The Square is a large paved space, covering a dozen square blocks, and lying along the lofty crenelated Northwestern wall of the Kremlin, between the colorful minarets of the Church of Vassili the

Blessed and the Chapel of Our Mother of Iberia; close to the Kremlin wall is a boulevard which now bears the graves of the revolutionary heroes, simple flower-covered mounds; the American, John Reed, is buried there, a roughly hewn rock rising over his grave. Across the Square, opposite the boulevard, are the Merchants' quarters—blocks of fine white buildings, wherein the Moscow merchants and manufacturers had their offices and warehouses. The Square is the main approach to the Kremlin—the heart of Russia of old and of to-day; and the golden clock of the Spasskoe tower still chimes the hours above the Square as in the days of the tsars.

The Red Square was ever the scene of parades, reviews and commerce. On July 17, 1921, it was the center of attraction in Moscow. It was the day of the opening of the Third Congress of the Communist International. Moscow made elaborate preparations to celebrate the event. All the streets leading to the Red Square were gayly decorated with red banners and huge posters. Thousands of people streamed into the Square in holiday attire. A military review was to take place there in honor of the delegates. The day was delightful—early summer, clear blue skies, the foliage in numerous parks freshly green, making a picturesque combination with the gilded domes of the churches, with the red flags floating above the Kremlin towers.

A reviewing stand and a speakers' platform were erected in the Square. Admission was by ticket, and yet the place was black with people. Every tree had its nest of spectators, every lamp-post was covered with street urchins, who hung on like flies. All the approaches to the Square for blocks around were filled with waiting regiments of soldiers, and military bands could be heard for miles about. In the Square itself

detachments of infantry, artillery and Cossack cavalry rested, awaiting the signal to march. At eleven o'clock the ceremonies began and speaker after speaker rose to salute the Red Army and to proclaim the invincibility of the working class.

At twelve the signal was given for the troops to advance. Regiment on regiment they came, in their peaked caps with the red star, following their bright red banners. Cavalry followed infantry, and was followed in turn by artillery, together with all war paraphernalia, motor trucks, sanitary wagons, kitchens, motor cycle corps, etc. Then came home-guards, factory workers, carrying arms; men of all ages and in all sorts of dress; women with red kerchiefs tightly bound around their heads, very often barefooted, carrying guns as proudly as the men. They came from the factories of Moscow; each district had its red banner. The inscriptions: "Proletarians of all countries, *UNITE*," "In struggle you will gain your rights" lost their stereotyped sound; they expressed the actual thoughts and will of the marchers.

Finally the youth of Moscow came, members of the *Vseovobuch* groups (military and athletic organizations of working boys, the Russian approximation of the boy scouts). There were thousands of them, some carrying guns, all wearing bands across the shoulder inscribed with the word: "*Vseovobuch*." Trotzky, standing in the center of the Square, saluted every passing squad and received their salutes, while the foreign delegates saluted the marchers from the speakers' platform.

The parade must have lasted for over two hours; probably one hundred and fifty thousand men and women took part. They were an imposing army, well-trained, disciplined, conscious of their mission. As I watched this demonstration I felt that it symbolized, better than any

pageant, a phase of the Revolution that is now over, as every one in Russia hopes, the phase of painful and heroic struggle against foreign and domestic enemies. No one can understand the Russian Revolution without appreciating how profoundly its development was influenced and modified by the long period of foreign armed intervention. From May, 1918, until November, 1920, the Soviet Government was forced to fight almost continually for its existence against the unprovoked attacks of foreign powers and of domestic reactionaries who could have made no headway but for the arms and supplies which they received in large quantities from abroad. A brief sketch of this period of "war-time communism" is essential in considering Russia's present economic situation and problems.

So long as it had to contend only with domestic enemies the Soviet Government had little difficulty in maintaining its power. The early counter-revolutionist movements, headed by Kaledin and Kornilov, collapsed with little fighting for lack of popular support. But the Allied powers were not willing to let the issue of the civil war be settled by the Russians themselves. The French Government, through its Military Mission in Moscow, persuaded the Czecho-Slovak troops in Russia to attack the Soviets and to furnish a nucleus of armed forces around which the Russian counter-revolutionists could rally. These Czecho-Slovaks were deserters and war prisoners from the Austrian army who had served as a distinct corps with the Russian army in the World War.

After the conclusion of the Brest-Litovsk Peace the Soviet Government consented to send these troops to Vladivostok, whence they could be transported to the western front. But the French preferred to use them as an instrument in the Russian civil war. Attacking

without warning according to a prearranged plan, the Czecho-Slovaks captured a number of towns in Siberia and eastern Russia and occupied a large stretch of the Trans-Siberian Railroad. Under their protection local reactionary governments were set up in place of the deposed Soviets.

The rescuing of the Czecho-Slovaks was given as the pretext for the formal intervention which the Allies undertook in August, 1918. The Americans and the Japanese supplied the most numerous contingents for the inter-Allied force which seized Vladivostok, the most important city in Eastern Siberia; while British and American troops predominated in the expeditionary army which occupied Archangel, in the extreme north of European Russia. Simultaneously the Germans attacked Soviet Russia from the Ukraine; while the Cossack chieftain, Krasnov, receiving German help in munitions and supplies, moved northward from the Don.

Thus harassed and beset on all sides, the Soviet Republic defended itself gallantly. The Red Army, newly organized and lacking in the firmness and stability which it afterwards acquired, nevertheless succeeded in beating off the Czecho-Slovaks, who had approached dangerously close to Moscow; and Germany's collapse on the western front removed the menace from the Ukraine. However, the Allies only pressed their campaign of intervention with more energy. French troops, by the irony of revolutions, were sent to Odessa to replace the withdrawing Germans. This attempt proved a failure. Mutinies broke out among the French soldiers and sailors, and in the spring of 1919 practically the whole of the Ukraine passed into the hands of the Bolsheviks, although the Soviet power was not firmly established in this region until much later.

The Allies were more successful in Siberia. This vast country, with its sparse population and its lack of large industrial centers, was easier to conquer than European Russia. The Czecho-Slovaks in the West and the Allied interventionist forces in the East, coöperating with Russian reactionaries, destroyed the local Soviets and paved the way for the establishment of Admiral Kolchak's reactionary dictatorship at Omsk. Kolchak's Government, a bloody and disorderly tyranny, which maintained itself in power by the approved tsarist methods of tortures, mass floggings and wholesale executions, was given formal assurances of Allied sympathy and support in two notes addressed to Admiral Kolchak by the Supreme Council, on May 26 and June 12, 1919. Kolchak was permitted to spend, in the purchase of munitions in America and Japan, a large part of the former Imperial gold reserve, which had been captured by the Czecho-Slovaks at Kazan.

At the time of their greatest success Kolchak's armies penetrated almost to the Volga. Here they were repulsed; and, under the pressure of the Red Army, a general retreat set in during the summer of 1919. During the fall this retreat, further hastened by widespread revolts among the Siberian peasants, became a rout; and Kolchak's Government collapsed entirely during the winter of 1919-1920.

In the meantime another counter-revolutionist front had been created. The Soviet Government had been compelled to withdraw almost all its available forces from the Ukraine in order to cope with Kolchak. Taking advantage of this situation and receiving liberal aid in the form of tanks and other munitions from the British Government, General Denikin pushed northward from the Caucasus and temporarily gained control of Russia's

granary, the Ukraine. His troops occupied Kiev, Kursk, Kharkov, and Orel, committing horrible pogroms in every town they captured. At the same time another tsarist general, Yudenitch, headed a drive against Petrograd. Both offensives were decisively defeated by the Red Army. Yudenitch was hurled back into Esthonia with the remnants of his beaten army. Denikin was checked midway between Orel and Tula; his downfall was even more rapid and spectacular than his previous success had been.

It was in the campaign against Denikin that General Budenny, the famous Red cavalry leader, first came into prominence. There is a story that Budenny, a Cossack sergeant, returned home after his service in the war against Germany, found that some of his relatives had been murdered by the Whites and promptly enlisted in the Red Army. However this may be, he soon demonstrated remarkable genius as a leader of dashing cavalry raids. Once Denikin had commenced to retreat, Budenny gave him no rest until the destruction of the White Army was complete.

In the spring of 1920 the Soviet Government had some reason to hope that the period of foreign intervention and civil war was at an end. Kolchak and Denikin had been thoroughly liquidated; peace had been concluded with Esthonia; and commercial negotiations with England and other foreign countries were slowly being opened up. Only one open enemy remained: Poland. The Soviet Government, which has always shown itself willing to pay a heavy price for peace with neighboring states in the shape of territorial concessions, offered the Poles very liberal terms of peace, based upon the cession to Poland of a large tract of ethnologically Russian territory. Left to themselves, the Poles would probably

have accepted the offer; but France was not yet satisfied that it was impossible to overthrow the Soviet Republic by external attack. Obeying peremptory orders from Paris, the Polish Government broke off the negotiations and made an agreement with the Ukrainian nationalist leader, Petlura, for a joint campaign against Russia. The Poles were to annex all Russian territory on the western bank of the Dnieper, while Petlura was to be the ruler of an independent Ukraine.

So the already disorganized economic life of Russia suffered a new shock. Factories which had turned to peacetime production had to be turned back into munition plants. The Red soldiers who had gone back to their farms and factories had to be summoned to arms again. The inadequate Russian transportation system was again burdened with troop trains and military supply trains. The war against Poland was one of rapidly shifting fortunes. The first impetus of the Polish attack resulted in the capture of Kiev, and the occupation of a part of Western Ukraine. Then the Russians struck back with such vigor that the Polish line was completely broken in many places. By the middle of August, not only had Russia been freed from the invaders, but the Red Army had occupied a large part of northwestern Poland and was even threatening Warsaw. However, it turned out that the Red commanders, carried away by the enthusiasm of victory, had imitated the military blunder of their opponents in advancing too far without paying sufficient regard to their lines of communication. Help to Poland was rushed in from France through Danzig; and the Poles in turn assumed the offensive and regained much of the territory which they had lost. An armistice was then concluded; and after protracted negotiations, peace

between Poland and Russia was signed at Riga in March, 1921

One more domestic enemy remained to be disposed of. The counter-revolutionist General Wrangel, who had succeeded Denikin in command of the southern White army, still held the Crimean peninsula. The release of troops from the Polish front enabled the Soviet Government to annihilate Wrangel in November, 1920; and this may be set down as the date of the ending of the military period of the Revolution.

It may be seen from the foregoing brief sketch of the outstanding incidents of the intervention and the civil war that the attention of the Soviet Government was necessarily concentrated upon problems of national defense for more than three years of its existence. No criticism of the economic policies which it pursued during this period can be considered fair or valid unless this fact be constantly kept in mind. The effects of the prolonged civil war upon Russia's economic life are varied and manifold. The most obvious of these effects is the devastation suffered by the regions which were fought over by contending armies. The civil war was so widespread that only a limited area in Central and Northern Russia escaped its ravages. Specific instances of the damage inflicted upon Russia's industrial equipment by the operations of the counter-revolutionist armies are furnished in the following extracts from the excellent report of the Russian Commission of the Near East Relief, an American organization, which carried out a thorough study of conditions in the famine regions of Russia last summer:

"In 1918 the states of Samara and Ufa, both in the famine area, were the fighting-ground of the Czecho-

Slovaks, the city of Samara was partially sacked by them, and in the very heart of the present famine region draft animals were seized and carried away while farm machinery and farms alike were destroyed. In 1919 the army of Admiral Kolchak penetrated to within twenty miles of the city of Samara and was compelled to retire only by a general uprising of the peasants of Samara, Simbirsk and Saratov and after a desperate struggle. The fields of this district are still cut up with defensive entrenchments, artillery emplacements, and barbed-wire entanglements, towards the northeast against Kolchak, and towards the south against Denikin. Ufa and Samara and Vyatka were the fighting ground for the Kolchak armies and the Czecho-Slovaks. On the south, the states of Tsaritsin, the Don and Astrakhan—all within the present famine area—furnished the battlefields for the Denikin forces operating there as late as 1920. In both areas buildings are destroyed, railway stations razed, water tanks and bridges burned, and means of communication greatly damaged.

“The coal shortage in Russia dates primarily from the operations of the Denikin army in and about the Donetz basin in 1919, seconded by the operations, never actually in, but against the Donetz coal basin by the Wrangel armies in 1920. The “basin,” lying north of the Sea of Azov, and in the valley of the Don River, comprises some 10,000 square miles and produced, before the war, between 25,000,000 and 30,000,000 tons of coal annually. When Denikin’s effort at the reconquest of Russia finally failed he left this district, which had been the center of his military operations, a ruin. This Commission has been through the district in question, and can compare it adequately only to the similar mining districts of northern France and Belgium immediately after

the armistice. There is this difference, however: the terms of the peace treaty imposed on the vanquished in the war the duty of putting the mines of France and Belgium in a state of operation once more. Those of the Donetz Basin are as they were left by the Denikin armies, and the economic blockade of Russia has made it impossible for the Russian Government to put them in working order."

Direct devastation is only one of the many wounds which were inflicted upon Russia's economic life by the intervention and the civil war. The cutting off of factories from their sources of raw material was another serious handicap. The textile and metal factories of Moscow and Petrograd required cotton from Turkestan and coal and iron from the rich mineral districts of the Urals and the Donetz. All these sources of supply were cut off at one time or another during the civil war while the blockade drawn tight around Russia prevented the foreign materials from coming in. Under these circumstances, even if Soviet Russia had possessed the most skilled workmen and the ablest industrial directors in the world, no very brilliant showing could have been made in the field of production.

But Russia's already meager supply of skilled workmen and competent managers was still further depleted by civil war. It was the skilled factory workers who furnished by far the largest proportion of Communists. Naturally they were the first to volunteer or to be mobilized in the moments of crisis which arose in connection with the Kolchak and Denikin campaigns. The war also demanded the services of workmen of marked executive ability. The men who might have been managing factories were called on to command regiments and divisions

in the Red Army. This fact was forcibly brought home to me when I found that nearly all the younger men who are holding responsible positions in Russian industrial establishments served their apprenticeship in the Red Army. Their loss to industry must have been keenly felt during the long period of civil war.

These ills were all in the train of war and revolution; devastation by hostile armies, lack of a steady and adequate supply of raw materials, deterioration in the personnel of the workers. Yet even before the Revolution, Russia's economic development had been very backward. The world war proved a prodigious strain upon the undeveloped industries of the country. After the war the Allied economic blockade cut Russia off from the outside world at a time when foreign imports were most needed. Then, the civil war conscripted Russia's sparse industrial strength—her factories and skilled labor and transportation system—for military service. Economic reconstruction had to yield to the demands of the Red Army. Every branch of industry was concerned principally with the needs of the Red Army.

The application of military methods to industry found much favor in the time of the civil war. Constant efforts were made to stimulate the masses to tremendous sacrifices in order to cope with the constantly growing economic crisis. One of the most interesting and characteristic economic developments of this period was the formation of the so-called labor armies. The movement started when one of the Ural armies, having successfully finished its operations against Kolchak, volunteered its services for the work of economic reconstruction. The idea met with an enthusiastic response in the ranks of the Communist Party. Other labor armies were formed and set to work at such tasks as repairing railroads and

cutting wood. Bulletins written in military terms were published about the new victories on the economic front. Trotzky was convinced that it would be possible to solve the problem of Russia's reconstruction by transforming the Red Army into a gigantic Labor Army. It was generally said that the men who had been so successful against Kolchak and Denikin, would be equally successful in combating cold and hunger on the economic front.

But the military analogy did not hold good in the economic field. It was found difficult to assure the labor armies adequate food and housing. Moreover, their productivity was generally low, due, no doubt, to the fact that they had no attachment to the places where they were sent and no particular incentive to work well. I saw some of these labor armies at work, and the results did not speak well for the success of the experiment.

"Communist Saturdays" were also inaugurated. On Saturday afternoons, when Russian workers were entitled to a holiday, Communists, and any others who volunteered, would turn out for work of some special kind, as cutting wood, ice, or cleaning buildings and streets. From a moral standpoint, these Communist Saturdays undoubtedly had their benefits. They brought the officials into closer contact with the masses and they strengthened the claim of the Communists that their dictatorship was really a dictatorship of those who were willing to do the hardest and most dangerous work. But the Communist Saturdays could not materially increase production. The amount of work which could be accomplished by men who were already exhausted by the week's labors was relatively small. The Communist Saturdays were a picturesque exhibition of the sacrifice and devotion by which the Russian Revolution triumphed over its foreign and domestic enemies; they were not a significant

contribution to the solution of Russia's economic problems.

The reconstruction programs, which were drawn up at this time, may be fairly criticized as too ambitious, in view of Russia's desperate economic condition. There was too much planning for the future and too little salvaging of the critical present. Large orders for locomotives were placed abroad at a time when there was neither fuel to operate them nor freight for them to carry. It was not sufficiently realized that a country's industrial life cannot be rebuilt overnight, that it must develop slowly and gradually. These overambitious plans were a natural by-product of war psychology. The civil war had accustomed the Communists to decisive actions on a large scale, to speedy and spectacular victories. For a time it was not generally understood that war is one thing, and economic reconstruction is another, that it may be a matter of days to recapture a lost province, but it will take years to restore the shattered industrial mechanism.

During the period of military communism there was a tendency to concentrate upon one phase of production, to the temporary exclusion of everything else. A case in point is Trotzky's famous order 1042, a call for intensified work upon the task of restoring Russia's transportation facilities. Following Trotzky's order there was a marked improvement in the number of cars repaired, and in the number of sound locomotives. But this stimulation of transportation was counterbalanced by a consequent neglect of other important branches of production. The Soviet Government, its energies primarily engrossed with the war, was inclined to pursue the policy of straining every nerve to remedy each new economic emergency as it arose. So there were drives for more fuel, and

drives for better transport, and drives for increased production along other lines. The leaders did not always realize the very close interrelation of modern industry, and the impossibility of curing a diseased industrial organism by concentrating all attention upon an individual member. These mistakes were natural and inevitable under the pressure of war. The Communists later proved their flexibility and their realism; they frankly discarded old tactics and adopted a new policy. They no longer hope to produce an industrial revival by a series of miraculous jerks; they are mapping out a slow and painful process of rebuilding from the ground up.

Certain features of the period of civil war in Russia are now disappearing; and the changes are being hailed abroad as evidence that the Soviet Government is abandoning communism. This viewpoint has no foundation in fact. The two outstanding features of Russia's economic life during the civil war were the nationalization of industries by the government and the system of collecting food for the cities by means of requisitions from the peasants. And both these practices were largely emergency war measures.

Take the case of the nationalization of industries. This did not by any means come about as an immediate result of the November Revolution. The Soviet Government in the troubled early days of its existence had no desire to assume a burden of industrial administration with which it was not as yet fitted to cope. Certain industries, like transport, which constituted natural monopolies were taken over by the state; but the majority of the Russian factory owners who still remained in Russia were permitted to go on managing their plants, subject, of course, to the stringent laws for the protection of labor which were enacted by the new government. With

the outbreak of serious civil war in the summer of 1918 this arrangement ceased to be practicable. The sympathy of the great majority of the factory-owners was naturally with the Whites. Many of them left Soviet Russia altogether and many of those who remained practised sabotage. The general nationalization of factories thus became an imperative war necessity, comparable to the taking over of German-owned businesses by the Allied governments during the World War. To quote Leo Kamenev, President of the Moscow Soviet, who joined Krassin in the negotiations leading to the trade agreement with Great Britain:

“We see . . . that the exigencies of the direct and immediate struggle with the bourgeoisie, which was working underground and using its industrial position as an instrument of political and economic struggle,—that this purely political situation was at the bottom, for the most part, of our nationalization policy. Purely economic reasons, which should have given to the nationalization policy a systematic character, received secondary consideration. Political considerations compelled us to place in the hands of the proletarian government a greater number of enterprises than we could administer in the interests of national economy as a whole.”

The State administration of the Russian industries was successful in its primary object of supplying the Red Army with enough clothes and munitions to win the civil war. From a business standpoint, however, it left much to be desired. Debts were contracted without regard to the credit side of the ledger; bureaucracy exerted an unfavorable influence upon industrial development; the lack of trained business executives was often painfully felt.

So, after the termination of the civil war the Soviet Government revised its economic policy. Free trade was allowed. Factories were leased or turned over to their former owners, or to persons who seemed qualified to manage them. This was done partly to stimulate an immediate revival of production, partly to learn from the example of private enterprise something of the technique of management and production. The situation which originally brought about the general nationalization of factories no longer exists. The menace of counter-revolution is dead; and the factory owners cannot conceivably abuse their position now, as they could have done in 1918, to work for the overthrow of the Soviet Republic.

The same transition from wartime to peacetime economy must be borne in mind in considering the policy of requisitions. Throughout the period of the civil war the Soviet Government was faced with one overshadowing problem, the feeding of the city workers and of the Red Army. Food supplies could come only from the peasants; and the Soviet Government had very little, except paper money, to give the peasants in exchange. Many factories were turning out only munitions; and the scanty supply of articles of general use was largely swallowed up by the demands of the army. Under these circumstances the Soviet Government, in sheer self-preservation, did what any government, similarly situated, would have done: it requisitioned the peasants' surplus food supplies.

This system of requisitions was nothing new. Even the tsarist government, alarmed at the food shortage in the cities, had declared a state monopoly in grain, paying the peasants only a fixed price for what they produced. This was also true of the Kerensky Government. The Soviet Government carried the practice of requisitioning further because its needs were more des-

perate. Of course, this system did not work smoothly. Despite the strenuous repressive measures of the "Cheka," or Extraordinary Commission, speculation in the cities could never be entirely stamped out. The peasants naturally resented the action of the government in taking away the surplus grain which they could sell so profitably in the open market. Clashes were not uncommon between refractory peasants and the food collectors that the government sent out.

This one-sided requisitioning from the country for the benefit of the cities was never regarded by the Soviet Government as a desirable or permanent economic policy. It was a disagreeable war emergency policy, rendered necessary by the extraordinary conditions of blockade and civil war which prevented the Russian factories from turning out a corresponding supply of manufactured goods to exchange for the peasants' food products. It was adopted because there was no alternative except allowing the Red Army to dissolve and surrender to the Whites.

It must be remembered that the peasants, even during the period of harshest requisitions, were far better off under the Soviet Government than under the rule of Kolchak and Denikin. Their land holdings had been materially increased, and, except in cases of drought, they were at least certain of getting enough to eat for themselves, which was not true of the average Russian peasant under the tsar's régime. And the peasants did not forget that the existence of the Soviet Government was their only guaranty against a return of the hated landlords and the old system of oppression and starvation. They supplied the bulk of the recruits for the Red Army. And, while their resistance to the Soviet requisitions never went beyond the stage of local riots, they contributed

materially to the downfall of Kolchak and Denikin by organizing extensive revolts along their lines of communication.

The abandonment of such policies as the requisition system and the general nationalization of factories is not, as some observers declare, a confession that communism is impracticable. Russia never had communism. While it is her ultimate ideal, and while she is trying to build the economic foundation for it, as we shall presently see, her policies so far have been dictated by the needs of the moment. The change to a tax system and to private ownership represents merely a transition from wartime to peacetime economy.

The period of civil war and foreign intervention unquestionably helped to place the Russian Revolution on a firm basis. It was a trial of strength between the workers and peasants on one side and the dispossessed bourgeoisie and aristocrats, liberally supplied with foreign aid, on the other. The workers and peasants won overwhelmingly and decisively. The Russian proletariat proved by the severest of trials that it possessed more courage, more endurance, more sobriety and more organizing ability than the Russian bourgeoisie. The Red Army, made up of workers and peasants and officered largely by men who came directly from the factory or the mine, drove before it in headlong route the forces of Kolchak and Denikin and Wrangel, liberally supplied as they were with former tsarist officers and Allied military advisers.

But no country, following the economic enfeeblement caused by the World War, could have sustained the heavy strain of a long and devastating civil conflict without paying a high price. During the period of military communism the Russian Soviet Government secured military

and political victory at the cost of economic deterioration. When the Red troops stormed the Perekop Isthmus and forced Wrangel to seek refuge in Constantinople, the territory of the Soviet Republic was cleared of its last serious internal enemy. But the economic condition of the country was deplorable. Industry and agriculture had become involved in a vicious circle. The peasants were becoming more and more restive under the system of requisitions. The government was unable to provide the city workers with a regular and adequate supply of food. Consequently, the city workers were physically unable to turn out in sufficient quantity the manufactured goods which would have provided the peasants with an inducement to part with their grain. Russian industry had reached the worst stage of depression. The originally inadequate system had broken down appallingly as a result of years of civil and foreign war; supplies of raw material in many industries were lacking or inadequate; and the standards of productivity maintained by the harassed and underfed workers were very low. The severe drought of 1920, the predecessor of the appalling catastrophe of 1921, had still further shortened the nation's scanty food stocks. At the very moment of its final triumph over the monarchist counter-revolution and the foreign intervention, the Soviet Republic found itself face to face with famine and disorganized industry.

CHAPTER V

TRANSITION FROM WAR TO PEACE

WHILE the years 1918, 1919 and 1920 were years of military struggle for Soviet Russia, and the military organization held the center of attention and was being strengthened all the time, nevertheless, every possible effort was made to liquidate the military fronts, to gain peace, to come to an understanding with the outside world and to settle down to economic reconstruction at home. The first break in the iron ring which the Entente powers had forged around the Soviet Republic occurred on February 2, 1920, when Joffe, the Russian peacemaker, brought the negotiations with the little Baltic republic of Esthonia to a successful conclusion. Subsequent treaties were signed with Lithuania on July 13, with Austria on August 7 and with Latvia on August 14.

During the same period negotiations for a commercial agreement with Great Britain were being slowly carried on. At first Litvinov met the British delegate, O'Grady, in Copenhagen, to discuss the repatriation of Russian and British war prisoners. The scope of the conference gradually broadened; and in the summer of 1920, Kamenev and Krassin went to London, at Premier Lloyd George's invitation. The fruit of this parleying was the Russo-British Trade Agreement of March, 1921, which was later construed by the British courts as according *de facto* recognition to the Soviet Government. As a result of this agreement Russia was able to pay for its imports

from Great Britain without running the risk of having its gold or goods attached by creditors of the former tsarist government. Almost simultaneously with the conclusion of the British Trade Agreement, peace was signed with Poland at Riga. Subsequent trade agreements were projected with Germany, Sweden, Norway and Italy, while treaties of close friendship were concluded with a number of oriental states, Turkey, Persia and Afghanistan.

Along with the signing of these formal agreements attempts were made to reopen international trade. The commercial mission which was established in the United States was not recognized by the American Government; but purchasing agencies were successfully established in most of the European capitals. Little by little, foreign merchandise commenced to find its way into Russia: American shoes, Swedish and Czecho-Slovak agricultural implements, German instruments and railway supplies, English machinery, etc. In return Russia sent fur, flax, asbestos, timber, etc., abroad. All this trade was carried on in the face of great obstacles, in an atmosphere of intense animosity and fear; yet it served to bring Russia slowly, but definitely, into closer contact with foreign powers and to break down still further the economic blockade which had been relaxed with the signing of the Esthonian peace treaty early in 1920. But Russia still bears the scars of the blockade. The Russian people have suffered untold misery as a result of it; the tremendous shortage of medicaments, soap, sanitary and surgical supplies, repair parts for locomotives and machinery, belting, electrical supplies, sugar, fats, seeds and agricultural machinery, can be traced directly to the blockade; with its gradual disappearance these necessities are slowly finding their way into Russia.

This period of foreign negotiations was accompanied within Russia itself by a period of extensive planning, of testing various methods of managing the nation's industries. The political form of the government, the Soviet system, sprang into being throughout Russia as a spontaneous, organic growth. It is accepted to-day as the natural and inevitable political structure of the Russian State.

But it is different with the economic side of the Soviet administration. Industrially Soviet Russia is still in a state of flux, and the policies in force a year ago, or even six months ago, do not apply today. However, the present general economic tendency is already clearly expressed in the new economic policy, which involves a partial return to capitalism, to state capitalism, as Lenin calls it.

Before discussing the adoption of the new economic policy it is necessary to devote some attention to the difficult period of transition which followed the liquidation of Wrangel and may be said to have ended with the formal adoption of the new economic policy.

As soon as the military crisis which had threatened the existence of the Soviet Republic almost from its birth had disappeared with the defeat of Wrangel, Russia began to feel acutely the effects of the economic and social crisis which grew out of the war and revolution. Allied intervention and the economic blockade contributed to the severity of the crisis. The ending of hostilities, of course, was welcome, but it produced a certain reaction among the Russian masses. When the menace of counter-revolution had disappeared the city workers commenced to feel more acutely their lack of sufficient food and clothing. The peasants, however grudgingly, had generally submitted to requisitions so long as they saw in the Red

Army a defense against the return of the hated landlords. But now the situation, from their standpoint, had radically changed. There were no more White armies operating with a train of landlords in their rear. The peasants no longer recognized the necessity of delivering their surplus products to the government and began to demand relief from the system of requisitions.

The economic condition of Russia was very bad. During my travels through the Urals and Western Siberia I was repeatedly impressed by the number of plants which I found standing idle for the lack of one essential thing,—bread. This lack far overshadowed all the other causes of depression. The meager *paioks*, or rations, of the beginning of the year were further cut down until, in April or May, a workman received only twenty-two and a half pounds of flour instead of the former forty-five pounds; and the allowances of meat and sugar were entirely cut off. In some places the *paioks* stopped altogether. The grain bins and food warehouses in the industrial regions were empty. There was not enough bread in the hands of the government to go around in the spring and early summer of 1921. Perhaps the bad harvest of 1920, or some miscalculation in distribution—the *paioks* of the last months of 1920 were actually more abundant—or a breakdown in transportation contributed to this catastrophe; but the fact remains that there was famine in the spring of 1921 in the cities and industrial centers of Russia. The peasants had bread; but, as trade was forbidden, there was no exchange between city and country. Whatever trade was carried on was surreptitious, through “bagmen.” There developed a whole army of these so-called bagmen,—peasants or city folk carrying bags of grain and foodstuffs on their

backs to places that offered a large profit. But such "bagging" could not feed a hungry population.

The eighth Congress of Soviets, which met in December, 1920, might have been expected to take steps calculated to allay the growing restlessness of the workers and peasants. The Congress, however, made the old mistake of thinking too much of the future and too little of the present. The Communist engineers argued quite justly that a country as rich in natural resources as Russia would certainly become a great industrial state in the future. But at first they did not realize that a predominantly agricultural country like Russia cannot be industrialized overnight. Such a transformation must proceed slowly and naturally; it must come in response to the country's growing needs; and it cannot be arbitrarily imposed from above, although, of course, the government can facilitate the process. The Congress devoted a great deal of time to a discussion of the ambitious scheme for transforming Russia's industrial life by establishing electric power stations all over the country, which had been prepared and elaborated by the Communist engineer, Krijanovsky. His is unquestionably one of the most interesting plans for the economic reconstruction of a country that has ever been conceived. But the crisis of 1920-21 could not be solved by looking forward to the glowing prospect of an electrified Russia ten or fifteen years hence.

The same tendency was quite visible in the early Soviet foreign trade policy. A large number of locomotives, for instance, were ordered abroad at a time when over a thousand locomotives were standing idle for lack of fuel. It was not realized that Russia's existing industrial equipment, functioning adequately, was sufficient to provide for the needs of the Russian people at the time.

Premature efforts were made to enlarge Russia's industrial plant at a time when the economic crisis demanded concentration upon the production of such elementary articles as fuel, food and clothing. Immediate measures were needed to break the deadlock which had arisen between city and country, to induce the peasants to produce more food so that the resumption of industrial production in the cities might be made possible. And the only way to persuade the peasants to raise more crops was to permit them to exchange their products for things they required.

It is not surprising that the Soviet Government did not immediately perceive the necessity for relaxing its previous rigidly centralized control of food collection and distribution. Free trade had been regarded as a counter-revolutionist slogan. To decontrol food distribution would seem to open the door to speculation in its worst forms. After the complete military and political victory of the hastily organized proletarian army over the forces of counter-revolution, it seemed that complete control and centralization would mean a similar victory over the economic dislocation. The Communist leaders were inclined to attempt the rehabilitation of Russian industry and agriculture by utilizing to the fullest possible extent the principle of compulsory labor which had been identified with the Soviet state. Trotzky pinned great hopes upon the achievements of the labor armies. Much was also expected from the breakdown of the blockade and the importation of large quantities of foreign machinery. Large orders for locomotives were placed in Germany and Sweden; and badly needed agricultural implements also began to arrive in the country.

The early reconstruction policy of the Soviet Govern-

ment is admirably explained in the following statement by Trotsky:

“The extensive application of the principle of *labor duty* as well as the measures for the militarization of labor may play a decisive rôle only if they are applied on the basis of a unified economic plan, embracing the entire country and all the branches of industrial activity. This plan must be calculated for a term of years, to cover if possible an entire epoch. It will naturally be divided into various periods or series representing the inevitable stages in the economic reconstruction of the country. We must begin with the simplest and at the same time the most fundamental tasks.

“First of all the mere chance to live, even under the most difficult circumstances, must be secured to the working class, to maintain the industrial centers and to save the cities. That is the point of departure. If the cities are not to dissolve into villages, if industry is not to yield place to agriculture, the whole country reduced to rural conditions, we must keep our transportation system operating at least on a minimum scale; we must insure the supply of grain for the cities, fuel and raw materials for industry, and fodder for cattle. Otherwise, we cannot make a single step in advance. The first portion of the plan, therefore, is to improve transport, or at least, to prevent its further decline; to obtain the most necessary supplies of foodstuffs, raw materials and fuel. The entire period following will be completely occupied with a concentration of labor power on the solution of these fundamental tasks, and thus in turn the necessary conditions for all further work will be attained. This task was particularly set down for our labor armies. Whether the first period, as well as those that follow, is to embrace

months or years, it is at present idle to prophesy. The matter depends on many circumstances, running all the way from the international situation to the degree of solidarity and intelligence on the part of the working class. The second period is one of machine construction for transportation, of gaining raw materials and food-stuffs. The locomotive occupies the foreground in this period.

"At present the locomotive repairs are being carried on in too primitive a manner and are requiring altogether too much energy and material. Repairs of rolling stock must be replaced by mass production of reserve parts. Now that the whole railway system and all the industries are in the hands of a single owner, namely, the Workers' State, we must set up for the whole country uniform types of locomotives and cars, standardize the parts, mobilize all the necessary industries in a mass production of reserve parts, and reduce repairs to the simple substitution of new parts for those which are depreciated. Thus we can secure the assembling of new locomotives from reserve parts, on a mass scale. Now that the sources of fuel and raw material are again available for us, we shall have to concentrate our exclusive attention on the construction of locomotives.

"The third period is that of machine construction for the purpose of producing commodities for nation-wide consumption.

"The last period, which will be based upon the achievements of the three preceding periods, will permit of a transition to large scale production of objects of personal use."

This is not a mere expression of Trotzky's personal viewpoint; it also embodies the main features of the

Soviet economic reconstruction policy which accompanied and immediately followed the years of civil war. Theoretically the plan is admirable. In actual practice, however, it has proved impossible to delay the production of "commodities for nation-wide consumption" and "objects of personal use" until the mechanical foundation of Russian industry is completely restored. The scheme of dividing the task of rehabilitating Russia's industry into watertight compartments has broken down; and reconstruction is proceeding more modestly and more closely in accordance with immediate needs.

Communist theory and practical necessity clashed again in the vigorous debate within the ranks of the Communist Party as to the proper function of trade unions in the Soviet state. Three divergent viewpoints were set forth by Shliapnikov, Trotzky and Lenin. Shliapnikov, claiming that the Soviet system suffered from excessive bureaucracy, proposed to turn over the supervision of production to the trade unions. Trotzky, at the other extreme, emphasized the crying need for production, insisted that trade unions had no reason for separate existence in a working class state, and recommended that they be merged with existing governmental organs. Lenin held the balance between the two extremes. He regarded Shliapnikov's proposal as unwise, because serious confusion would certainly result from the taking over of industries by individual unions, without responsible direction and subject to jurisdictional disputes and local demands. Moreover, it seemed doubtful whether technical and managerial efficiency would be assured, if the unions were made the sole masters of industry. On the other hand, Lenin felt that the trade union had a useful function to perform in combating bureaucracy and in representing the interests of the workers, as distinguished

from those of the peasants. Lenin's viewpoint, in substance, was indorsed by Zinoviev and Radek.

The whole question is thoroughly canvassed in speeches delivered at this time by Lenin and Trotzky. Trotzky emphasized the necessity for the creation of a new productive atmosphere among the working masses, involving a complete revision of trade union functions. He pointed out that in the old days of a bourgeois society the task of both revolutionary and opportunist unions was limited to exerting pressure on capital for better working conditions and a larger share in the wealth produced. The occasion for this pressure had now passed and the emphasis ought to be shifted to the problems of increased production and the improvement of the technique of labor. Thus far, he contended, the trade unions were not fulfilling their new economic function. His conclusion was as follows:

"We must have fusion. We must accomplish this earnestly and systematically. Fusion means that the organs of the trade unions should gradually become welded together. What does the Council of National Economy represent at the present time? It represents Communists who have specialized in the work of production, but we have no workers connected with the organizations of the producers, which should be represented by the trade unions. On the other hand we have representatives of the trade union movement, which is still to be turned into a mass organization of production. These two groups should become fused together.

"Of course this would not give us an immediate solution of the problem, but it would give us the direction in which the trade unions should develop in their relation to the Soviet economic organs. Otherwise we shall only

be allowing disunion to develop. It is not a matter of nationalizing the unions in twenty-four hours. This is nonsense. It is only a matter of steering our course towards nationalization. But what should be the basis of our work? We ought to work on the basis of direct productive construction, on the basis of turning the workers' democracy into a democracy of production. These are not mere phrases. What is our state? It is not a permanent organization. Our state must become a Commune. During the transition stages political democracy and workers' democracy, which includes it, are gradually turning into a democracy of production.

"The Party will always correct the work of the trade union worker. Comrade Zinoviev says that this should not be done suddenly. To be sure. But the task of which I speak: productive education, fusion of the trade unions in their leading links, construction of trade unions along the lines of productive problems, the education of every single worker with a view to the new attitude toward production,—all this is a task for a very long period."

This is the speech of an administrator, profoundly concerned with the problem of inducing labor to work efficiently in a Socialist state and disturbed by the fear that the trade unions, in their present form, constitute a menace to the working out of a systematic and unified scheme of national economy. Lenin, in his reply to Trotsky, emphasizes various useful functions which the unions are performing.

"The trade unions," he says, "are not only an historically necessary, but an historically inevitable form of the movement of the industrial proletariat, a form

which, under the conditions of proletarian dictatorship, includes almost the whole proletariat. But the trade unions themselves are not a state organization, they are not an organization of compulsion. They are an educational organization,—a school of managing, a school of economics, a school of Communism. It is a school of an uncommon type, because in it we have to deal with the odd combination of remnants of capitalism with new forms and new features born out of the dictatorship of the revolutionary vanguard of the proletariat. When we talk of the rôle of the trade unions we should always bear in mind this particular nature of theirs, otherwise we shall always be in danger of arriving at false conclusions.

“We are now confronted with the problem of how to approach the masses, how to establish connection with them. Now where does the divergence of opinion appear?

“According to Trotzky, the defense of the material and spiritual interests of the working class is not a task for the trade unions in a workers’ state. Comrade Trotzky talks of a ‘workers’ state.’ But this is an abstract idea. When we wrote about a workers’ state in 1917, it was quite justified. But when you say: ‘Why and against whom defend the working class, if there is no bourgeoisie, if we have a workers’ state?’ then we reply: ‘Not quite a workers’ state.’ As a matter of fact our state is not of the workers, but of the workers and peasants. This is the first thing. And this means a good deal. But it is not all. The very program of our Party shows that we have a workers’ state with too much bureaucracy. It was a disagreeable necessity for us to put this label on our state. This is the reality of the transition period. Now would you say that there is no need for the trade

unions to defend the material and spiritual interests of the working class in this bureaucratic state?

"In reality the state is such that the fully organized proletariat is in a position to defend itself, and we should make use of these labor organizations for defense against their own state, by a peculiar blending of our state measures and by agreement and fusion with the trade unions. This word 'fusion' shows that it would be a blunder to make an enemy of Soviet trade-unionism, because there are different kinds of fusion, and the idea of fusion also implies something which should still be utilized by the state government, the defense of the material and spiritual interests of the fully organized working class against this state bureaucracy.

"Now I shall dwell on 'productive democracy.' The more I think of this 'democracy of production' the more I perceive its theoretical faultiness.

"Production is always necessary. Democracy, however, is a category of thought, and a political one at that. We can have no objection to using this term in a speech or a newspaper article. But it sounds quite strange, when you attempt to make a thesis out of it, or to put it forward as a slogan to unite all those who do or do not agree. Production is always necessary. Not so democracy. 'Productive democracy' leads to ideas which are absolutely faulty.

"Then comes the question of fusion. Just now it would seem best to be silent on this point. 'Speech is silver, silence is golden.' For we have tried fusion. There is not a single provincial council of national economy of any importance in which fusion has not been tried in one way or another. But did it prove useful?

"We entered the course of fusion, and I do not doubt that it was a correct step, but we had not studied the

experiment well enough. Therefore, the wisest policy is not to talk at all about fusion just now."

The trade union question came up at the Communist Party Congress in March, 1921; and the theses of Lenin and Zinoviev were adopted by a large majority. In the meantime, Russia passed through the political crisis which is generally known under the name of the Kronstadt affair.

In the early days of the Revolution the sailors stationed at Kronstadt, a strongly fortified island in the Neva near Petrograd, were the staunchest fighters in the Bolshevik ranks. These original sailors, however, were soon drawn off to serve on the various fronts of the civil war. Many were killed; others were promoted to administrative posts. Their places were taken by raw peasant recruits, who had no revolutionary background and were correspondingly susceptible to anti-Soviet propaganda. On February 28 an anti-Bolshevik resolution was adopted on the battleship Petropavlovsk. On March 2 a general mutiny broke out, several ships, together with the island of Kronstadt, being taken over by the insurgents. A warfare of bullets and propaganda followed. The insurgents attempted to give their movement the character of a spontaneous mass uprising; they denounced the tyranny of the Soviet commissars and demanded "free Soviets," or "Soviets without Communists." The Soviet Government replied vigorously, denouncing the uprising as a counter-revolutionist plot, showing that tsarist officers with foreign support were directing the operations of the insurgents, and pointing out that reactionary Paris papers had predicted the mutiny some time before it actually occurred. Despite the absurdly exaggerated reports which were credulously printed in the American press, the revolt never represented a serious military menace to the Soviet Govern-

ment. Moscow and Petrograd remained true to the government. Dissensions broke out in the ranks of the mutineers, and the whole affair was liquidated on March 17, when picked Red troops crossed the Neva on the ice and carried Kronstadt by storm.

The revolt was aggravated by two other occurrences: a temporary acute shortage of fuel and food in Petrograd as a result of a severe blizzard which clogged the railways, and an epidemic of peasant riots, directed against the collection of requisitions. In the province of Tambov these riots, under the leadership of a guerilla chieftain, named Antonov, killed in a raid in 1922, developed for a time into a serious insurrection.

When the Tenth Congress of the Russian Communist Party convened in Petrograd in March, 1921, it found itself faced with the following situation. Its political power was firmly established. No regular White Guard armies were operating against the Soviet power any longer. The Red Army was loyal; and in the so-called Red cadets, men who had received training in Soviet military schools, the Soviet Government possessed a devoted fighting force of high caliber. Nothing serious need be apprehended from isolated peasant revolts or occasional outbreaks of bandits, led by Machno or others and from such sporadic affairs as the Kronstadt mutiny, especially since the masses of the people were tired of civil war and fully accepted the Soviet régime.

Political stability, however, did not mean economic stability. There was no danger that the Soviet power would be overthrown by a general peasant uprising; but the resistance of the peasants to the policy of requisitions made it impossible for the government to furnish the city workers with an adequate supply of provisions. The productivity of the under-nourished workers was nat-

urally low. There was only one escape from this vicious circle of slackened production in agriculture and in industry; and this escape lay in the revision of the Soviet economic policy.

That policy, up to the spring of 1921, as Lenin describes it, aimed "to revive our large-scale industries and to organize a system of exchanging their products with the peasants, while endeavoring to socialize agriculture. In order to revive our large-scale industries, we proposed to take from the peasants a certain amount of foodstuffs and raw materials as a sort of loan, by means of requisitions."

The policy had failed to produce the needed industrial revival. It remained for Lenin's genius to propose a new plan of economic organization which would allay the discontent of the peasants and encourage a freer flow of commodities, while preserving political power firmly in the hands of the revolutionary section of the working class.

CHAPTER VI

THE ECONOMIC FRONT

THE adoption of the new economic policy in the spring of 1921 was a political step almost unprecedented in the history of revolutions. Without changing the personnel of the government or giving up the ultimate ideals of the Revolution, it radically altered the methods to be employed in realizing these ideals. The fundamental characteristics of the new policy may be briefly summed up. A definite tax, amounting to approximately ten per cent of the estimated agricultural produce of the country, was substituted for the old system of requisitioning the peasant's surplus produce, above his personal needs. The peasant was permitted to trade freely in anything which he produced beyond the requirements of the tax. The development of the coöperatives as an instrument for getting out the peasant's surplus products and supplying his needs was encouraged. A number of the smaller industrial establishments were leased to individuals or associations for exploitation on a capitalist basis. The government also introduced more businesslike methods into the operation of state enterprises. Free transportation on the railroads and similar uneconomic arrangements were abolished. Where the staffs in government offices were found to be unnecessarily large they were reduced. The principle was laid down that, so far as possible, government undertakings must pay their way.

When it is remembered that free trade has hitherto been a severely punishable offense, it can be imagined

how vitally the new policy affected every detail of Russian daily life. Naturally the new regulations caused a good deal of confusion at first. But later, as I was able to observe myself, the development of the new policies proceeded along more regular and orderly lines. Among all classes there was a noticeable renewal of confidence in the possibility of Russia's industrial revival.

The new economic policy has been widely discussed and criticized. Some anti-Socialist observers hail it as a reversion to capitalism and a confession of the bankruptcy of Communism. This viewpoint is shared by extremists of the Left, such as the German syndicalists, who renounce the Third International as too conservative and authoritarian. I do not believe, however, that this interpretation is correct. The Communist faith of the leaders of the Russian Government is quite unshaken. They recognize, however, that Communism requires for its successful functioning a development of large scale industry which simply does not exist in impoverished and disorganized Russia. Consequently they are deliberately using capitalism as a means to the attainment of the material conditions under which Communism will become a realizable ideal. By permitting free trade and encouraging the development of the coöperatives they hope to revive agricultural production and secure an adequate supply of food for the city workers. By leasing out for private exploitation enterprises which the state itself cannot operate efficiently, they expect to hasten the recovery of small industry and to remedy the present crying need for manufactured articles. The essential economic background for the Communist state, the rehabilitation and development of the large industries, must, as they recognize, come gradually, partly as an outgrowth of the re-

vival of agriculture and small industry, partly as a result of the agreements which they hope to conclude with foreign concessionnaires.

The Communist leaders are quite aware of the fact that the carrying out of this plan involves the danger of a re-birth of capitalism in Russia that may prove lasting. They are attempting to guard against this contingency by retaining in their own hands political power and control of the basic industries. They are quite prepared to face a prolonged duel with capitalism on the field of economic efficiency. Lenin himself on one occasion remarked with characteristic bluntness that Communism, in order to survive, would have to prove its superiority as a system of efficient and economical production in the eyes of the masses.

The contrast between the old and the new economic policies of Soviet Russia is very well expressed in the following extract from an article written by Lenin for the special anniversary number of *Pravda*, November 7, 1921:

"For three years, up to the spring of 1921, our plan was to revive our large-scale industries and to organize a system of exchanging their products with the peasants, while endeavoring to socialize agriculture. In order to revive our large-scale industries, we proposed to take from the peasants a certain amount of foodstuffs and raw materials as a sort of loan by means of requisitions.

"We are no longer attempting to *break up* the old social economic order, with its trade, its small-scale economy and private initiative, its capitalism, but we are now trying to *revive* trade, private enterprise and capitalism, at the same time gradually and cautiously subjecting them to state regulation just so far as they revive."

The task of the historian of the Russian Revolution is simplified by the fact that Lenin combines in himself the rôles of active leader and theorist. It was Lenin who took the lead in urging the adoption of the new policy at the Congress of the Communist Party in March, 1921. And it was also Lenin who furnished the most effective theoretical exposition and defense of the new policy in his famous pamphlet, "Concerning the Food Tax." In any study of Russia's present economic policies, this statement must be considered, both for the intrinsic worth of its analysis and for the light which it casts upon the attitude of the government.

Lenin recalls the fact that as early as 1918 he had expressed the opinion that state capitalism would constitute a distinct step forward, in view of the chaotic and backward condition of Russian industrial life. He frankly declares that Socialism has not been realized in Russia. "There is not a Communist, it seems to me," he writes, "who would deny that the expression 'Socialist Soviet Republic' means the determination of the Soviet power to realize the transition to Socialism, and does not by any means signify that the present economic order is regarded as Socialistic."

He enumerates the various forms of economic life, ranging from patriarchal peasant production to Socialism, which exist side by side in Russia at the present time. He brings out and emphasizes the point that it is not accurate to speak of a struggle between Socialism and capitalism in Russia at a time when the greatest part of Russia has not yet reached the highest stages of capitalist development. The small speculator and private trader are the chief immediate obstacles in the way of Russia's industrial development; large-scale capitalism, on the other hand, must be regarded as a temporary ally of the

Socialist state in its struggle against a general relapse into lower forms of production.

Lenin then pauses to defend himself against the attacks of moderate Socialists who criticize the November Revolution as premature, in view of the fact that Russia was economically unprepared for Socialism. The November Revolution, he contends, fulfilled a very essential rôle in wresting political power out of the hands of the bourgeoisie and making it possible to direct the whole administrative apparatus of the Soviet State towards the objective of Communism.

He proceeds to a consideration of the practical measures required by the emergency. The peasant, the food producer, is seen as the basis of Russian economy. Immediate steps must be taken to improve the condition of the peasants. The system of requisitions, necessary during the so-called period of military communism, but extremely disastrous in its economic effects, must be abandoned in favor of a specified agricultural tax.

Another change in policy is also indicated. Large-scale factory production demands large reserve stocks of fuel, food and raw material; and such stocks do not exist in devastated, poverty-stricken Russia. Therefore, the revival of the smaller industries, which do not require such large accumulated stores, and which may be relied on to furnish the peasants with badly needed manufactured articles, must be encouraged in every possible way.

The doubts of those who fear the consequences of such a general reintroduction of capitalism are then considered. Lenin stresses the harsh realities of the situation. Socialized production in Russia affects only a relatively small number of industrial workers. The peasants constitute the vast majority of the Russian population; and, with few exceptions, the peasants retain the psychology

of small capitalists. Moreover, the country is exhausted and impoverished by years of war and blockade. The cities suffer for want of food; the country districts suffer for want of manufactured goods. The obvious first duty of any government is to revive production and exchange. Under these conditions what policy should the Soviet Government adopt? Lenin answers this question by projecting two alternatives.

"We can either completely prohibit and prevent the development of private non-state exchange, i.e., commerce, i.e., capitalism, which is inevitable with the existence of millions of small producers. Such a policy would be stupid and suicidal for the party which attempted to carry it out. It would be stupid because it is economically impossible. It would be suicidal because the party that attempted to carry it out would inevitably collapse.

"Or (and this is the only *possible* and sensible policy) we can refrain from prohibiting and preventing the development of capitalism and strive to direct it in the path of *state* capitalism."

Lenin cites the policy of granting concessions to foreign or domestic capitalists as a practical example of how the Soviet State can work hand-in-hand with large-scale capitalism against the lower and less organized forms of capitalist production. By granting concessions the Soviet Government will strengthen advanced against backward industrial methods, machine production against hand production. It will secure an increased quantity of industrial products for the strengthening of its own industries and for exchange with the peasants. Of course, these advantages have to be paid for with the large quantities of valuable materials which the concessionaires will take away as the price of their services.

Another aspect of state capitalism is the coöperative

movement. Lenin urges that trade and exchange with the peasants be carried on, as far as possible, through coöperative channels. In this manner the waste and duplication of private trade will be eliminated. Moreover, coöperation involves the organization of large masses of people; and this, in itself, is a noteworthy advantage, in view of the projected transition to a highly organized Communist state.

Lenin discusses the possibility of using other types of capitalism in bringing about Russia's industrial revival. He reverts to his earlier idea that capitalism is an intermediate stage through which Russia must pass before Socialism can be achieved. So he writes:

"We are still too fond of saying, 'Capitalism is an evil, Socialism is a blessing,' but such an argument is incorrect, because it leaves out of consideration all the existing social economic strata and takes in only two of them.

"Capitalism is an evil in comparison with Socialism, but capitalism is a blessing in comparison with medievalism, with small industry, with fettered small producers thrown to the mercy of bureaucracy."

The pamphlet closes on a note of optimism. "There is nothing really dangerous in this policy for a proletarian government, so long as the proletariat fully retains the administrative power, the means of transport and large-scale industry."

The new law legalizing free trade came just in time to save the situation. "Bagging," referred to in Chapter V, was not abolished at once; in fact, as it was no longer a crime, it assumed larger proportions. Peasants came to town with carts of foodstuffs, and city people rushed into the country to engage in *tovarobmen*—exchange of

commodities with the peasants. During May, June and July there was a wild rush into the country districts to get food. This period was humorously called the period of *tovarobman*, the Russian word *obman* (trickery), being substituted for *obmen* (exchange). One of the new laws, following the March decree, permitted factories, in fact all industrial establishments to use a certain part of their products—from five to ten per cent—for direct exchange for foodstuffs. This law produced “bagging” on a hitherto unknown scale. Every plant, every institution sent commissions wherever they thought bread was available. This went on to such an extent that the transportation system became literally clogged; and the peasants commenced to raise their prices as each new commission arrived with new demands. However, this was only a passing phase, the first flush of free trade; and more normal and orderly relations soon began to appear.

But this crude law permitting industries to use part of their product for purposes of direct exchange served as a basis for a whole series of new decrees and regulations, giving industrial units freedom to trade and finally placing many enterprises on a basis of self-supply. Under this arrangement a state industrial enterprise is no longer supplied with food or raw materials by the government. If the plant is capable of producing articles which it can exchange for the things it needs, it may continue operating; otherwise it must shut down. The plant remains government property; and whatever surplus it may produce goes to the government. Such an arrangement gives the workmen and the operating staff an opportunity to run the plant on independent lines, to apply commercial principles, to develop individual initiative, and to profit, so far as the laws permit, from successful operation.

To energetic, ambitious men, engineers, technicians,

administrators, this new policy opens wide the door of opportunity, and is very attractive. They have every incentive to productive work. And it is this spirit of energetic creation that I found throughout the industrial districts of Russia in the late summer and early fall of 1921. The new economic policy was the one subject of conversation. It is a subject of constant discussion, not only with the leaders and the newspapers, but with the entire population. Russia is a country of great distances. Its means of communication were always notoriously slow; and they were never slower than at the present time. Few trains are running; the mail and telegraph services are far from prompt, so it takes considerable time before an occurrence in the capital becomes known throughout the country. Moreover, a new law of such a radical nature must have time to penetrate into the psychology of the people. Under these circumstances it is surprising how quickly the general trend of the new policy was caught and applied.

Had it not been for the dreadful calamity which fell upon Soviet Russia last year—the famine along the Volga,—it is possible that the close of 1921 would have witnessed a material change in the economic life of the country, an industrial revival of large proportions. But the unprecedented drought of that summer in many fertile provinces, involving a population of 30,000,000 or 35,000,000, was a terrible and unexpected blow to Russia. In the spring the government's bread requirements for the year 1921-1922 were placed at some 400,000,000 poods. The new tax was expected to realize about 280,000,000 poods; and another 150,000,000 poods was counted on as a result of exchange with the peasants. This would have been sufficient to feed the government institutions, the army and the nationalized industries.

But the Volga catastrophe upset all plans. Not only is the government drawing bread from all parts of the country in order to feed the hunger-stricken, but this enormous district, one of the most fertile in Russia, will remain a debit in the national economy for some time.

I did not visit this valley of death, except on the fringes, at Ufa and Cheliabinsk. But even here, and further on toward Siberia, the suffering, the misery and wretchedness were appalling. Refugees, fleeing from hunger as from a pest, filled every station along the two lines of the Siberian railway up to Omsk and further on as far as Tomsk. One met trainload after trainload of them, hungry, ill, feeding on what they could find by the way. Many more travelled by wagon, or even on foot, whole villages starting off in this way. We met them far from railroad stations, camping in open fields or in the woods, living on berries, mushrooms, wild roots. Many fell victims to fatigue, hunger and cholera. As a cause of Russia's industrial deterioration the famine has assumed a place comparable to that of the war and the blockade.

The external effects of the new policy are visible in the cities, where stores are opened, theaters are full, buildings are being repaired and market-places are thronged with buyers and sellers. Handicrafts are reviving in villages and towns; and there is increased production in small factories and mines. Large industry is also responding, but more slowly. Plans are drawn up, conferences take place, many committees visit the provinces, projects are set on foot. Many enterprises were supposed to open in October, after the summer shutdowns, when many of the laborers went to work in the fields. Others are already beginning to exchange their products for those of neighboring communities. So the Ural factories are coöperating with Siberia; the Moscow factories are serv-

ing the South, etc. The most valuable result of the new policy up to the present time is the new spirit of confidence, of enterprise, of determination to overcome the economic wreckage.

The peasant is numerically by far the most important element in Russia's population; and the peasant, outside the famine districts, has benefited materially by the Revolution. Of course, he has had to bear his share of the general economic deterioration. In many cases his draft animals have been killed or taken away in the course of the civil war; his farming implements have worn out; and it is difficult for him to get new ones, although the Soviet Government has been importing a certain amount of agricultural machinery and implements since the breakdown of the blockade. But his land holdings have been increased by the confiscation of the former possessions of the tsar, the Church and the large landowners; and there is no landlord to monopolize the best bits of land and to exact usurious rent. The Soviet Government in the agricultural tax takes less of the peasant's produce than the Imperial Government used to squeeze out through its manifold imposts. I have talked with many peasants, and the conversations have almost always reverted to the same subjects. The peasant would begin by complaining about his troubles, which were genuine enough in some cases, and blaming the Soviet Government as the author of his ills. But he almost always ended by admitting that he now enjoyed more of the material comforts of life than before the Revolution.

There can be no doubt that the average peasant in European Russia and Siberia, outside the famine districts, lives better than ever before. Not only does he have more to eat; but, as a result of the food shortage in the towns, he possesses more visible wealth. It is not un-

usual to find in a peasant hut a suite of city furniture, or a mirror much too large for the room, or expensive clothes—furs and silks—or even a piano—"a box with white teeth," as the peasants call it. Peasants go to church on sunny days wearing shiny rubbers over their heavy boots and carrying umbrellas. A peasant girl is quite apt to be seen walking barefoot, and carrying a parasol over her head.

Brailsford remarks this, in his book, "The Russian Workers' Republic": "It is true that this impression (of evidences of poverty) vanished in the country, for the peasants are better fed and in some respects more prosperous than ever before."

"I had an unusually unembarrassed talk (without an interpreter) with two peasants on one of these farms," writes Brailsford. "Both were rather ragged, but their mood was one of satisfaction. I asked the elder of the two whether things were better or worse since the Revolution. He gave me the last answer that I expected. 'Better,' he replied, very decidedly. 'For now, we can say what we like. There's no one to be afraid of.' I felt startled, for few associate the idea of free speech with the present régime. Some anecdotes about the late proprietor taught me what the old man meant. In the old days he used to make his obeisance and say: 'Aye, aye, sir,' cap in hand, to those above him. Now he spoke his mind to all, and called the manager 'comrade.' Perhaps, in the long run, this form of freedom of speech matters more to the millions than the liberty to circulate critical pamphlets, though it seems well to have both. The restraints upon the freedom to oppose politically affect very few. The gain in daily freedom to men who used to bend to a class yoke affect the multitude. I tried the same simple question with a younger man. He was more ex-

pansive, but the result was much the same. 'Well,' he answered, 'I've seen a good deal in my life. I've travelled and knocked about the world. These are hard times. I've seen better and I've seen worse. But we have one great thing that we never had before. We have a farm council. If the manager does any wrong to us on the farm we can discuss it with him, and if he doesn't give way we can take our complaint into Vladimir.' And that also means freedom."

The attitude of the peasants is an important factor in studying the workings of the new economic policy because, by the sheer weight of numbers, they play an important part in Russian economic life. No government to which they were actively opposed could very well survive. So far as I could see, there is not the slightest likelihood that a counter-revolutionary movement would find support in the peasant districts. Before the Revolution the peasant had one fundamental desire: possession of the land. The Bolsheviks satisfied this desire by distributing among the peasants the vast estates which formerly belonged to tsar, Church and landowners. It is true that the peasant, at the present time, is far from being a Communist. He tills his enlarged holding on individualistic principles. A few agricultural communes and Soviet farms are to be found scattered over the country; but Russian agriculture, for the most part, is still carried on along the lines of small private ownership. However, although he does not practice Communism, the peasant's loyalty to the Soviet Government rests upon a firm basis. He knows that so long as this government endures his land titles will not be called into question.

For a time, the policy of requisitions constituted a source of friction between town and country. With his psychology of a small owner, the peasant resented the

action of the central government in taking away his surplus produce without giving him much except paper money in return. But this grievance was removed by the recent concessions to the principle of free trade. In the country districts, more, perhaps, than anywhere else, the new economic policy has justified itself as a spur to increased production. Proof of this fact is to be found in the largely increased amount of foodstuffs collected in the provinces which were not affected by the drought.

The new economic policy is a remarkable tribute to the practical common sense and flexibility of the Russian Communist leaders. Revolutionists are inevitably fanatical in their devotion to their principles; otherwise they would not possess the energy and strength of will to create revolutions. The Bolsheviks are no exception to this rule. Yet, when the economic necessities of the situation demanded a complete change of method in attaining the goal of the Revolution, this change was made vigorously and wholeheartedly; and the change was effected without any split, without any breach of party unity.

The adoption of the new economic policy furnishes a marked point of contrast between the Russian Revolution and the French. The French revolutionists of 1794 realized that their policies had not brought about the ideal Republic. A new class of tyrants, the speculators, had arisen on the ruins of the old feudal aristocracy. There were still rich and poor; equality seemed as far away as ever. Instead of attempting to remove the economic reasons for speculation the Jacobins saw no remedy for the situation except intensified terrorism. In the end the terror which they had set in motion swallowed them; and many of the gains of the French Revolution were swept away by the reaction of the Directory and the imperialism of Napoleon.

Confronted with similar difficulties the Russian revolutionists adopted a much more scientific and realistic attitude. They recognized that speculation, an inevitable product of scarcity, could not be eliminated by the most ruthless punishment of individual speculators. The best way to fight the speculator is to put him out of business by underselling him. To do this, an abundance of goods is needed, and so the Soviet Government is concentrating all its energies upon a revival of industrial and agricultural production. In order to bring about this end the Communists are willing to encourage the revival of private trade and of large-scale capitalism, retaining in their own hands as an effective counterweight the possession of political power and the control of the basic industries. It is too soon to predict the ultimate consequence of the new economic policy. Its immediate benefits are apparent in the leasing and opening of many small factories, in the revival of production in such lines as coal, oil and textiles, in the establishment of more normal economic relations between city and country, in the new spirit of confidence in Russia's economic future which I found prevalent in all classes. The functioning of the new economic policy signifies that the Russian Revolution has achieved a successful transition from war conditions to peace conditions. Historians will probably accept the epochal March, 1921, Congress of the Communist Party as the dividing line between the destructive and constructive periods of the Russian Revolution.

"The immediate future of Russia depends, as every one realizes, mainly on the restoration of peace and trade," declares H. N. Brailsford. "If France, in pursuit of her implacable vendetta, is allowed to go on, year after year, hiring and equipping fresh enemies to attack Russia, she will inflict incalculable injury on its population, and may

bring its struggling civilization to complete ruin, but I do not believe that she will attain her end. The survival for many months of a tsarist or semi-tsarist régime, even if a military victory could restore it, is for me unthinkable. The peasants will not pay for the land they enjoy, while the moral inferiority of the self-indulgent Whites to the puritan Reds would not be altered by a momentary success. Even a stable tsarism could not repay the French debt, however much it might recognize it. If, on the other hand, these subsidized attacks cease, then, for the first time, the Communists will have a fair chance of restoring industry. The problem of management is now solved and the discipline of most factories is as good as it can be with half-fed workers. Industry will be demobilized and what it produced for the army can be used instead to buy food for the workers. With the ample and punctual rationing of the industrial workers their output will increase, and the difficulty of keeping them in the factories will diminish. The townsmen will be better fed, the countrymen better clothed, and the general increase of comfort will allay discontent. As the armies are disbanded, the return of the youthful population, which almost alone in Russia has will and ideas, must revive every department of production and education. This year's failure of the crops, especially if it means a deficiency of seed, will certainly create an appalling problem. But since food will be short even in the villages of central Russia, the workmen may be less reluctant to return to the towns, and the peasants more willing to listen to good advice in the matter of cultivation and coöperation."

CHAPTER VII

EARLY INDUSTRIAL PROBLEMS

Two very erroneous ideas about the Russian Revolution are widely prevalent. One is that the relative merits of Socialism and capitalism as systems of production can be determined on the basis of Russia's experience up to the present time. Critics of Soviet Russia often employ the following line of argument. Production in all fields of Russian industrial activity has admittedly fallen under a socialist régime. Therefore, Socialism is a proved economic failure. The trouble with this method of reasoning is that it either proves nothing or proves too much. An economic investigator who visited Austria, Poland or other countries which have suffered greatly as a result of the war would soon find that capitalism is no panacea for industrial ruin. And Russia has suffered incomparably more than any other belligerent nation because her territory was ravaged by civil war long after the World War was ended. Under these circumstances it is quite unscientific to judge Socialism by the present condition of Russia, just as it would be unscientific to judge capitalism solely on the basis of the economic breakdown in Poland and Austria.

Another false conception of the Russian Revolution would represent the Bolsheviks as the wreckers and destroyers of Russia's industrial life. This view found expression in the recent note of the American Government declining to participate in the Genoa Conference, with its reference to "those chiefly responsible for Russia's pres-

ent economic disorder." It lies behind the notion held so generally among American politicians, that persons, and not conditions are responsible for events, and that conditions can be juggled at will. A brief review of the economic history of the Revolution will show that this view is not in accord with the facts.

The November overturn came primarily as a result of the spontaneous impulse of the three main classes of the Russian population. The soldiers demanded peace; the peasants demanded land; the city workers demanded labor control of the factories and other industrial establishments. The Bolsheviks rode into power on the crest of the revolutionary wave because they alone, of all the political parties, were prepared to carry out these demands unconditionally.

The establishment of the Soviet Government was followed, inevitably, by a period of intense confusion and disorganization. The great majority of the factory owners and technical staffs sabotaged the new régime, refusing to carry on the processes of production. As a result of this tendency, and also of the popular rage against the bourgeoisie and the intellectuals, which characterized this phase of the upheaval, many plants were taken over by factory committees and run on independent lines. As might have been expected, this experiment was far from successful. The factory committees were generally made up of men who had little or no technical and managerial experience. Their difficulties were further enhanced by the shortage of fuel and raw materials, and the disorganized condition of the transportation system. The necessary coördination between various groups of enterprises broke down. Phillips Price, an eyewitness of this stage of the Russian Revolution, describes the situation in his book, "Reminiscences of the Russian Revolution":

"It is no exaggeration to say that during November, December and the greater part of January something approaching anarchy reigned in the industries of North Russia. There was no common industrial plan. Factory committees had no higher authority to which to look for direction. They acted entirely on their own initiative and tried to solve those problems of production and distribution which seemed most pressing for the immediate future and for the locality. Machinery was sometimes sold in order to buy raw materials. It may readily be imagined what a state of confusion was created when factory committees all over the country began to requisition trucks on the railways and to do their own banking."

There was corresponding disorganization along other lines. The normal interchange of food and manufactured articles between town and country was seriously interrupted. The trains were crowded with soldiers returning from the front; and this further impaired an already inadequate transportation service.

The Soviet Government was the one force working for discipline, order and far-seeing direction in the midst of this welter of aimless chaos. One of its first steps was the creation of the Supreme Council of National Economy. This body came into existence in January, 1918, at a meeting which included Bolshevik commissars, representatives of the trade unions and the factory committees and a few technical specialists who were not sabotaging. As the organization of industry proceeded, the scope of the Council increased, until it assumed the control of all industries which were not in the hands of private individuals or coöperatives.

"Our distinction as a Communist party group," said Trotzky in a speech before the Congress of Education,

October, 1921, "lies in the fact that our past schooled us to fight as revolutionists. Against us was a régime representing centuries of development. It evolved standards of power, culture and technique, and in many directions attained to great achievement. In order to seize the power we were obliged to dislodge this régime. In our severe struggle with the bourgeoisie we could not watch over details, such as a smashed window or a burned house. Our task was so tremendous that we could not stop before such trifles, and even looked with contempt upon them, when reminded by our philistines that revolution destroys culture.

"After we seized power came a period of civil war. And what happened then? The same thing over again. 'Where wood is sawed, sawdust flies'; and much Russian sawdust flew. Finally, we are coming to reconstruction, and here it becomes necessary to reëducate the people. It is not so much more difficult to reconstruct the old than to build anew, but this work requires new methods."

The overlapping functions of the trade unions and the factory committees proved an obstacle to the effective reorganization of industry. This difficulty was obviated when the factory committees were transformed into the local organs of the trade unions. There remained the more important problem of dealing with the sabotaging capitalists and technicians. It must be remembered that the Bolsheviks did not attempt to carry out a thoroughgoing nationalization of industry upon their accession to power. They were content to pass a decree designed to secure workers' control, which provided that representatives of the workers should exercise a check upon the former arbitrary powers of the owner or manager. However, two factors combined to hasten the process of nationalization.

The Government was obliged to take over many plants as a matter of safety and conservation. The first instinct of the emancipated Russian worker (a very natural instinct, if his background of oppression be considered) was to smash and destroy anything that might belong to his enemy, the capitalist. So long as factories remained private property, they could not be considered safe against looting and vandalism. In order to prevent serious loss through wanton breakage, the Soviet authorities were compelled to throw a mantle of protection over many plants by declaring them the property of the people. By my own observations I was able to verify the fact that nationalization proved a very effective means of salvage. The physical condition of the plants which I visited in European Russia and Siberia was generally surprisingly good.

A second factor which may be said to have hurried the government in its policy of nationalization was the obstinate refusal of many industrialists to carry on production under the new régime. Many owners left Russia: others remained only to embarrass the hateful proletarian government by operating their plants as inefficiently as possible, or by giving direct aid to counter-revolution. Under these circumstances, the Soviet officials had no alternative except to take over the abandoned and White guard establishments and work them as well as possible.

The engineers and professional people in general, on the other hand, have unquestionably suffered a good deal from the revolutionary dislocation. The average person of the former "better classes" was looked on with suspicion; his prestige had diminished; he received little more than the ordinary workmen's *paiok*; perhaps his home had been taken from him. He had no opportunity to travel, to correspond, to keep in touch with his former

friends in Russia or abroad. As a result he is hopelessly bitter, disappointed and discouraged; and naturally, while he is obliged to hold some position under the government, he does so only under compulsion. His attitude, therefore, is always that of a critic and an opponent. Even men who are indifferent to politics, who, under ordinary circumstances, would have been sincerely devoted to their work, have become discouraged and lost interest. Nothing much can be expected from them. They are of a past age. But there are as yet no younger men of the new school to take their places. The Communist technicians are few and widely scattered. The conscious or unconscious sabotage of the technical staffs has been an important factor in the disintegration of Russia's industries.

The work of nationalization proceeded at an especially rapid pace during the months of May and June, 1918. Here the influence of the civil war is apparent. The Czecho-Slovak revolt, inspired by the French Military Mission in Moscow, broke out late in May; this plot had been suspected by the Soviet Government for some time. With the help of the Czechs the Russian reactionaries were able to set up local governments in the valley of the Volga and along the Trans-Siberian railroad. The Soviet Government justly apprehended a prolonged and bitter military struggle, and decided that it was better to entrust industry to the control of men who were loyal, if they were not always competent, than to leave it in the hands of experienced industrialists who would very possibly utilize their knowledge for the purpose of betraying the Soviet Republic and helping its enemies. By the end of 1918, such important industries as rail and water transport, mining, oil, rubber, electro-technical and sugar were completely nationalized. The principle of national-

ization was partially applied to various other industries, including metallurgy, textiles and chemical plants.

The Soviet Government has consistently endeavored to secure a maximum of technical skill for the development of Russia's industries. The period when technicians, as a class, were made to feel the weight of the fierce popular resentment against the whole capitalist system soon passed. The inefficiency of management by workers' committees manifested itself in appallingly diminished production statistics. Lenin took the lead in persuading as many of the bourgeois specialists as possible to take up work under the new régime by offering them large salaries, in contradiction to strict Communist theory. He was roundly attacked for this policy, not only by the Anarchists and Left Social Revolutionists, who were generally opposed to any proposal that looked to the introduction of order and discipline, but also by a minority in his own party. He answered these latter critics in a speech which strikingly foreshadowed his subsequent adoption and defense of the new economic policy.

"The chief argument of our Left Communists," he said, "is that our policy during the 'breathing space' is leading towards state capitalism. When I hear this I wonder what has made these people forsake reality for formulas. Reality says that state capitalism would be a step forward for us. How can they be so blind as not to see that our enemy is the small capitalist, the food speculator? He is more than any one else afraid of state capitalism, for his one idea is to grab for himself as much as possible on the ruins of the big owners and exploiters. On this point he is more revolutionary than the workers, because he is also vindictive. He willingly coöperates in the fight against the big bourgeoisie, not in order to build up a Socialist commonwealth on the basis of proletarian dis-

cipline, but in order to reap the fruits of victory in his own private interests. If the Left Communists cry out against the methods of discipline in state capitalism, their trend of thought becomes similar to that of the small bourgeoisie, who cry: 'Down with the rich, but no control.' What divides the most revolutionary elements of the small bourgeoisie from the class conscious proletariat is the watchword of the latter: 'Let us organize and discipline ourselves.' "

The logic of events was altogether on Lenin's side, as against both types of his critics. Under the strain of the prolonged civil war the degree of decentralization demanded by the Left Social Revolutionists would have proved a menace to the very existence of the Soviet Republic. And the temporary employment of bourgeois specialists by the proletarian government was peculiarly necessary in Russia, because the Russian workers under tsarism had been denied all opportunity to acquire technical instruction. A similar situation existed in the early stages of the formation of the Red Army, when competent officers had to be drawn largely from the bourgeois and aristocratic classes. The Soviet Government overcame this difficulty by establishing a number of officers' training schools and encouraging the workers and peasants in the ranks of the Red Army to qualify for admission to these schools. Now it is attempting to do the same thing in industry by establishing technical courses in connection with regular factory work. In the course of two or three years these schools will turn out good technicians; in the meantime, the employment of bourgeois experts whenever practicable was not only expedient but necessary.

Certainly it can never be said that the State administration of Russia's industries has been a brilliant or unqualified success. But it must be remembered that from

the summer of 1918 to the end of 1920, Soviet Russia was almost continually engaged in exhausting warfare, and, unlike her enemies, she had no sympathetic foreign friends to supply her with munitions and clothing. It is easy to criticize Soviet industrial policies during the period of the civil war; but these criticisms must always be accompanied with the very important reservation that somehow large armies were raised, armed, equipped, fed and transported with sufficient efficiency to insure their complete victory over foreign and domestic enemies.

However, the Russian Communists themselves do not blame the war and the blockade for all their troubles. It is recognized that a good deal of the disorganization must be ascribed to individuals, as well as to circumstances. It was inevitable that some careerists and adventurers would creep into the Communist ranks. Moreover, the men carried up on the wave of the Revolution were generally young and inexperienced. Many of them turned out to be quite unfit for the high positions in which they were placed, almost by accident. It was often the case that a single act of godlike folly, of mad inspiration in a moment of crisis would give a man an altogether undeserved reputation. He would receive a high post; and for months and years perhaps he would exercise powers to the detriment of Russia and the Revolution.

Moreover, in the early days of the Revolution there was great faith in the inherent democratic merit of conferences, collegiums, committees, etc. Single-headed management was generally discarded; and most of the industrial enterprises were put in charge of groups of three, five and seven members. This tendency had several disastrous results. Authority and responsibility alike were diffused; and an excessive number of officials was created. All this made for industrial inefficiency. A

reaction against industrial administration by commission finally set in; and one-man management is now the rule in Russian industrial establishments. The manager may be a Communist workman, in which case he must have a technician as an assistant, or he may be a technician with an assistant chosen from among the workers.

The elaborate industrial structure which was necessitated by the general nationalization of industry was not always designed along practical lines. At one time industry was divided into what might be described as watertight compartments. A large number of "heads," or departments, were created along vertical lines, with no provision for lateral connection. There were departments of coal, metal, textile, leather, paper, and dozens of others. No arrangement was made for coördinating their work. Each "head" carried on its work irrespective of the others; and when the interests of several "heads" conflicted there was trouble. The fuel department, for instance, demanded all transport, paying no attention to the needs of the textile and metal departments, which also lacked transport facilities. The Food Commissariat was beset with problems in feeding the towns, the armies, the industrial workers; but it coördinated its work very little with the requirements of the other departments. The Commissariat of Ways of Communication had its problems as well; but it had to get its food from the Food Commissariat and its fuel from the fuel department; and there were many difficulties in the way of coördinating these functions. Then, in the smaller towns, in the provincial and county capitals, these divisions were even more accentuated, for the food committees, and fuel committees, and all the other committees worked pretty much as they pleased, with much friction and little achievement.

This absurdly rigid and unworkable form of industrial organization has now been completely modified; a much more practical substitute has been provided. All Russian industrial enterprises are now divided into three classes. Class I includes undertakings of national importance, large and well equipped plants, chiefly those which serve the so-called heavy industries, coal, iron, metallurgy, transportation. Enterprises in this class remain in the hands of the government and are operated under the direct control of the Supreme Council of National Economy. Establishments of minor importance—works, mills and factories of smaller size, or less desirable, because of equipment or location, serving a restricted area—are placed in Class II. Such enterprises are under the control of the regional representatives of the Supreme Council. To Class III are assigned all other enterprises, small shops, etc.

These main classes are further subdivided into several groups. Enterprises in Class I may be wholly conducted by the government (Group A). In this case they remain on what is known as government supply, i.e., they receive all their supplies of operating funds, raw materials and foodstuffs from the government, which takes the entire product of these establishments. Group B includes enterprises, also belonging to the government, which are left to provide themselves with supplies. Such enterprises purchase their raw materials and other requirements and sell their product, merely turning over the surplus to the government. Enterprises which cannot be conducted by the government on either plan are offered for rent or concession or shut down entirely. These plants constitute Group C. Similar groupings may take place in Class II enterprises, except that the proportion offered for rent is much greater; every inducement is offered to coöpera-

tives, groups and individuals to take over such establishments; and this also applies to the undertakings in Class III.

The enterprises of Groups A and B, in Class I, may be combined or trustified in several ways. A number of plants in the same industry may be placed under single direction, forming a trust; or else several enterprises of different natures, but either conveniently located in the same region or subsidiary to one another, may join in a "combine," forming a single industrial unit. For instance, a metallurgical works may form a "combine," consisting of iron mine, coal mine, blast furnace, construction works, cement works, sawmills, brick kilns, etc. It may possess its own timber lands, peat lands, farms, etc., even to railways and water transport.

The plan of management is somewhat complicated; but the following description may be considered generally accurate. The Supreme Council of National Economy has local agencies in every state (*gubernia*) called State Councils of National Economy. In addition several states are often combined into one province, and are then responsible to the provincial council, or *Promburo* (Industrial Bureau of the Province). Thus there is a Ural Industrial Bureau, controlling five states, and a Siberian Industrial Bureau, controlling all of Siberia. The provincial industrial bureau acts as the local representative of the Supreme Council of National Economy and directs the state-controlled enterprises within its jurisdiction. Within the province or even within the state, there may be a further grouping according to regions; in the Urals, for example, there are five regions. While the provincial or state boundary lines are geographical or political in character, the regional lines are based upon economic considerations.

Enterprises in Groups A and B, of Class I, in these jurisdictions are supervised by a directorate appointed by the Provincial or State Council of National Economy, approved by the executive committee of the Trade Unions and confirmed by the Presidium of the Supreme Council in Moscow. The direct management of each individual enterprise is usually placed in the hands of a single man, most often a member of the Communist Party, who is assisted by a technician, who need not be a party member. There is, however, no fixed rule for such appointments, although the trade unions always have a voice in the selection of the management. In several cases boards of management have been appointed under special regulations; and some government enterprises are directed by a special board in coöperation with the Supreme Council. (For a fuller discussion of the organization of industry at the present time, see Chapter X.)

So much for the organization of industry from above. The workers are assured adequate protection against the possible abuses of bureaucracy in various ways. The Russian Code of Labor Laws, which represents perhaps the most advanced body of social legislation ever adopted by any country, is strictly enforced. A worker cannot be discharged without the consent of the union; and the union, as we have pointed out, has at least a negative voice in the selection of the plant manager. Such important matters as working conditions and wage scales are largely or entirely placed in the hands of the unions. The fact that the Russian worker of to-day finds it difficult to make both ends meet on the inadequate supplies of food and clothing which the government gives him should not blind the observer to the essential social gains of the Revolution. The Russian Soviet Government is a work-

ers' and peasants' government, in fact as well as in name. The present situation of acute industrial depression falls heavily upon the city workers, despite the fact that they constitute the dominant element in the government. The peasant, the direct food-producer, is inevitably better off in a time of acute scarcity than the industrial worker, who is forced to subsist on the insufficient food supplies which can be procured from the country districts by tax or barter. Give Russia a few years of external and internal peace; let her commence to overcome her present economic stagnation, with or without the coöperation of foreign capital; and the material well-being of the Russian workers will equal that of the workers in any capitalist country, while their social position is vastly enhanced.

For the sake of increased production the Russian Government is encouraging the revival of industry on a capitalistic basis. But capitalism in Russia, under Soviet power, is as different from capitalism in pre-revolutionary Russia as political freedom in the England of Victoria was different from that of Elizabeth. The Soviet authorities recognize the disadvantages of bureaucracy and excessive state regulation. They are willing to afford a fair scope to private initiative; but they are determined that private initiative shall not express itself in the form of unlimited exploitation. Private employers are bound by the labor laws of the Republic; and special workers' courts have been set up in the large cities to see that these laws are enforced.

The Russian Government undertook to assure all workers a *paiok*, or ration, including all necessities, food, clothing, shelter, social care, education, amusements. Unfortunately a large part of the supplies of food and clothing has always been lacking. The *paiok* is fixed by the work-

ers' trade unions—professional unions, as they are called in Russia—and is calculated in accordance with the exigencies of each particular kind of work. So a miner, an iron worker, an inside worker would be allotted rations on the basis of the physical exertion involved in their work. In the beginning of 1921 a sample monthly *paiok* in the Ural iron mills contained forty-five pounds of rye flour per month, 15 pounds of meat, 15 pounds of buckwheat (or other cereal), a small quantity of butter, tea or coffee, salt, tobacco, matches, two suits of clothing, underwear, a pair of boots, a sheepskin. Quantities and proportions varied from twenty-eight to fifty-five pounds of flour, with corresponding changes in the other items. This *paiok* was given an able-bodied worker, his family receiving their *paioks* separately. A housewife received from twenty-two to thirty pounds of flour, a child under sixteen from twelve to eighteen pounds. A family could exist on these rations, especially in the Urals, where almost every workman has his own garden, with a cow and chickens, and often a small field of grain. But the *paioks* did not always come, and there was always a shortage of one or more things, while clothing and boots were lacking almost all the time. It is not difficult to account for this state of affairs: constant wars, terrific dislocation of industry, failure of crops, breakdown of transport, all played their part in this lack of supplies.

A minor but important factor in Russia's industrial difficulties was the strain imposed upon the transportation system by the repatriation of millions of war refugees, war prisoners and citizens of the new republics formed out of the territory of the former Russian Empire, such as Poland, Latvia, Lithuania, Esthonia and Finland. This really constituted a gigantic problem. When the Russian army executed its great retreat before the Ger-

man advance in the summer of 1915, the Grand Duke Nicholas systematically devastated the regions which he abandoned, carrying off the unfortunate inhabitants in his retreat. So refugees from the western provinces of the Russian Empire were scattered all over the interior of the country. By the terms of the peace treaties with the Baltic republics and with Poland the Soviet Government was bound to repatriate the citizens of these countries. It was also necessary to provide for the repatriation of hundreds of thousands of German and Austrian war prisoners who had been left stranded in Siberia. Dr. Nansen, the famous Norwegian explorer, undertook the work of repatriating these war prisoners on behalf of the International Red Cross, and praised the Soviet Government warmly for the prompt and efficient manner in which it carried out its part of the task. Of course, this strain on transport facilities was severely felt in a country where every available car was needed for the carrying of food and fuel. This is only one of many by-products of the war which helped to make the Soviet Government's task of reconstruction more difficult.

It is no exaggeration to say that the Soviet Government has been the main factor in preserving and keeping alive Russia's shattered industrial system during the last four and a half years. From the very beginning, when its policy of nationalization proved the only effective check upon the elemental mob impulse to destroy and smash up everything that was associated with the old slavery, it has worked constantly, in the face of innumerable obstacles, toward the reorganization and reconstruction of Russia's industrial life. To be sure, its economic administration has been far from perfect. Due to the extraordinary conditions of the Revolution and civil war a huge apparatus had to be hastily constructed and placed in

charge of untrained and inexperienced men. Under these conditions it was inevitable that false policies would be adopted, that heart-breaking mistakes would be made. But the Soviet economic administration is learning and improving through experiment. Much can be said of its defects and shortcomings, but it must be admitted that it has learned much, and its efforts at construction are beginning to show results in the improved state of industry. This fact may not be generally understood in America; but it is fully recognized in Russia, and it explains the loyal coöperation which the Soviet Government wins from former administrators and engineers and technicians who are still opposed to or sceptical of its basic economic theory.

CHAPTER VIII

ECONOMIC RECONSTRUCTION

THE part which war and blockade have played in the deterioration of Russian economic life since the November Revolution has been a subject of violent debate between friends and enemies of the Soviet Government. The familiar anti-Bolshevik thesis is that the application of Communist economic theories, unsound in principle and unworkable in practice, was the primary factor in lowering Russia's industrial and agricultural productivity. Those who sympathized with the Soviet Government, or who believed, at least, in giving it a fair trial, urged in reply that it was absurd to speak of Communism being tested and found wanting when external conditions completely upset the normal working of Russia's industries. Let the war and the blockade end and Russia would soon experience an industrial revival.

War on a sufficiently large scale to strain the resources of the country may be said to have ended with the defeat of Wrangel in November, 1920. The blockade may be said to have broken down with the signing of the Anglo-Russian Trade Agreement in March, 1921. But the hoped for industrial revival has been disappointingly slow in coming about. Those who are dogmatically convinced that the Soviet Government is the source of all Russia's ills will naturally be strengthened in their opinion. But more open minded observers cannot fail to admit the presence of several important factors, quite unconnected with the form of the Russian Government, which exist in the present situation.

In the first place the great famine which turned Russia's former granary into a desert has interfered with the revival of industry in two distinct ways. It has diminished the already meager rations of the industrial workers by compelling the diversion of every ounce of surplus food to the stricken regions of the Volga. This means, of course, that no industrial expansion is possible, and that some plants have been obliged to close down because of their inability to secure food for the workers. Moreover, the famine has exerted a decisive influence upon the nature of Russia's imports. Under normal conditions Russia's 83 per cent of rural population could feed her 17 per cent of town and city dwellers. But as a result of the famine millions of Russian peasants themselves are in danger of death from starvation. So, instead of purchasing abroad the supplies which would contribute most directly to the reestablishment of industrial and agricultural production, such as mining and industrial machinery, repair parts, belting, axes, saws, plows, farming implements of all kinds, Russia has been compelled to devote a large share of her funds for foreign purchases of food. The statistics for the nine months of trade between Russia and England which followed the signing of the Trade Agreement are eloquent on this point. Food and textiles are the two chief items in Russia's list of imports. Only inconsiderable quantities of equipment and machinery, except for the railroads, were bought, although the need for it in some industries is very great.

Furthermore, it is extremely unreasonable to expect that the effects of years of blockade can be removed by a short period of precarious trading with countries which have not yet overcome their hostility to the Russian form of government. Russian industry always depended upon foreign countries for many articles which it could

not itself manufacture. The inability to obtain these articles threw the whole industrial apparatus into confusion. To illustrate the working of the blockade, take the case mentioned by William Z. Foster, in his book "The Russian Revolution." This case, as I know from personal observation, could be duplicated many times in practically all the important Russian industries. One commodity that is absolutely essential in coal-mining is wire rope. Russia has always been dependent upon foreign countries for her supplies of this commodity. Under the pressure of the blockade mine after mine was compelled to shut down because the hoisting cables wore out and no material for the manufacture of new ones was available. For every mine that closed down a factory was compelled to curtail its production for lack of fuel.

Many cases came under my personal observation. Take for example, seamless tubing which was always imported; because of the lack of tubing hundreds of boilers cannot be repaired and locomotives as well as power stations must remain idle for want of boilers. Or consider the lack of another comparatively insignificant item: belting. All sorts of contrivances are used in Russian factories in place of belts; even to the extent of turning a lathe by hand, using two able-bodied men for that purpose. The reason is that belts come from abroad.

Still another example is furnished by the electric lamp shortage. Before the war barely ten per cent of the electric lamps used in Russia were home manufactured; in the last years hardly any were made at all. With the foreign market shut, the shortage of electric lamps was so acute that frequently factories had to shut down in the early afternoon as soon as the daylight was over;

in the long Russian winter, it is already dark at three in the afternoon. In industries where operations must be kept up twenty-four hours, or in factories that could utilize three shifts to speed up production, the lack of light meant torture; it was necessary to employ all sorts of makeshifts, establish special lamp-repair departments, resurrect the most obsolete and worn out lights, use one lamp where eight or ten were needed, etc.

A still more inhuman effect of the blockade is the extreme shortage of medicaments and drugs. Such common articles as quinine, castor oil, magnesium salts, and hundreds of other items are completely lacking; much of the ravages of typhus, dysentery and cholera can be ascribed to the blockade which stopped the importation of drugs into Russia. The instance is well remembered where the Soviet Government agent abroad purchased and paid for in 1920 a cargo of drugs and seeds; the boat carrying this cargo was stopped by Allied war vessels in the Baltic Sea and turned back to Sweden.

The blockade did not succeed in destroying the Soviet Government. But it was only too successful in inflicting an incalculable amount of misery upon the Russian people.

I have repeatedly stressed the effect of war and blockade upon the present condition of Russian industry because it is altogether impossible to judge Russia's painfully slow and groping efforts at reconstruction fairly unless this background of hostile foreign intervention is constantly kept in mind. Even now Russia's progress is hampered by the necessity of equipping and supporting a large army against the contingency of new aggression from abroad. The French Foreign Office has always proved itself indefatigable in organizing new plots against the Soviet Republic; and the attitude of some of the

neighboring states, such as Poland, Rumania and Finland, during the last year has been far from satisfactory. As a result of bandit raids prepared on Polish and Rumanian soil the collection of the food tax in some regions was seriously interfered with and the border districts of the Ukraine were kept in a state of constant unrest.

To quote Brailsford again:

"This strange chapter of the Russian Revolution as it unfolds itself to me is, then, the story of an inevitable agrarian upheaval, with a no less inevitable civil war and the decline of industry as its sequels. My firm belief is that under Communist rule the anarchy and suffering of this transition period have been combated, in some respects with relative success, by the Communists, where every other party would have failed. True, they challenged the hostility of the Allies and the whole capitalist world more recklessly than any other party would have done."

Such are the difficulties which the Communists had to meet—not the difficulties which they themselves have created. But, in the midst of the Russian industrial disorganization and depression there are constructive forces at work which give excellent promise of rebuilding the country's broken economic life.

The typical young Russian of pre-revolutionary days was apt to be dreamy, analytical, speculative in his mental processes, uninterested in material things, averse to practical effort. A very general national trait is reflected in the Hamlet-like types which are so often encountered in the novels and stories of Turgenev and other Russian writers.

The conditions of present day life in Russia force to

the front the young, the active, the energetic. The Soviet Government is encouraging young leaders, and gives them every opportunity to develop into able organizers and responsible administrators. Youth is self-reliant, sees life in front of it, wishes to live and enjoy life. It must build, it must improve conditions, to satisfy that strong desire to live. The force of these young leaders is clearly discernible all over Russia. In fact the psychology of the Russian youth, their whole *Weltanschauung* is completely changed.

The average Russian boy takes just as much interest in automobiles as his American prototype; he is just as fond of sports like football, tennis and rowing. Organized athletics formerly had little place in Russian life. Now many provincial towns have excellent football fields and one finds everywhere branches of the "Vsevoluch," the military athletic association of Russia. The Soviet Government is encouraging and supporting this tendency. In the great parade in honor of the meeting of the Communist International last June, the young Communist athletic organizations made a splendid showing.

Brailsford stresses this change in psychology, brought about by the Revolution:

"It (the Soviet régime) is ripening the whole Russian people for responsibility and power, by its great work for education. It has striven amid inconceivable difficulties for the prompt enlightenment of the whole nation. It has, moreover, based its entire system of education not on any principle of passivity, receptivity, and discipline, but rather on "self-initiative" and activity. The new generation, which will emerge in a few years from these modern Russian schools, will have crossed the spiritual frontier between East and West and

will resemble the passive, indolent, apathetic Russian of the past as little as he resembles the average Englishman or American. As I watched the elder children debating, questioning, and governing themselves, I realized that by its educational policy alone the dictatorship has set a time limit to its own permanence."

The peasant boy of to-day takes an interest in machinery; his older brother who has returned from the Red Army, or from German captivity, brings tales of mechanical technique in the army or on German farms; the young factory worker is encouraged to attend a technical school, where he can learn the mechanics of his trade. Nearly every factory has a school where boys, sixteen to twenty years old, can study theory during part of their working day. They spend four hours in work at the bench and four hours in school. The younger school-children, as one would expect in a revolutionary period, are exceedingly precocious; but their interest is no longer in books, in literary or dramatic circles; it is rather in airplanes, motors, machinery of all kinds. The engineering courses at colleges are the most popular; there is not enough room to accommodate all the applicants. On one of our inspection tours we met a crowd of mining students; they were devoting their summer vacation to study and practical work in coal mines. These boys could get along with a couple of pounds of bread a day and sugarless tea; they could put up wherever they found a place, in a peasant's hut or a miner's shack. But they could all wield a pick and run a pump; and they weren't afraid to tackle any job.

One of these young revolutionists said to me: "We are through with the destructive work of the revolution. We feel we want to build, erect, see things grow under

our hands. Up to this time we saw behind every factory building the hateful face of the owner, the exploiter; every shop, every mine and factory looked to us like a prison, and we were ready to destroy them. We hated them. Now, we want to see smoke coming out of the factory chimneys, we want our industries re-established, if need be with the aid of the old boss. We are tired of theory. We want concrete results."

To be sure there are discordant notes in present day Russia. One often hears the complaint: "Oh, we Russians are not able to conduct industry, we don't understand technique, we are helpless without foreign aid." This is the old Russian disease: distrust in everything Russian, dependence on outsiders, inefficiency, inability to solve practical problems. It is apt to be the attitude of the older technicians, who have been accustomed to sit in offices and let the German or Belgian engineers do the work. It is not, so far as I could see, the attitude of the younger men, of the generation that will rule, and manage Russia within another few years. These young men are not lacking in self-confidence, and they are not afraid of hard work.

This young buzzing life, out on the boulevards of Moscow or in the Peoples' Houses of every town and hamlet, is at once the symbol and the creative force of the new Russia. Among the youth of Russia the impulse to life, to opportunity, to self-expression is strong; the old-time restrictions of caste and convention have completely broken down. They can dare anything and cope with any situation. It may be predicted that they will care little for theories and dogmas. They will accept the groundwork of the Revolution and proceed to build on this basis. The vim and energy of the younger element, combined with the ambition of the workers who

have been forced upward out of the ranks and are anxious to prove their worth, of the reawakened intellectuals who have still retained contact with daily life, of the government officials who are sensitive to immediate conditions, these forces are charting the present course of the Russian Revolution. Production is its slogan. Produce more, and still more, by means of handicraft, by means of modern machinery, by means of a gigantic scheme for nation-wide electrification,—this is the keynote. Lenin is happiest when he learns that a new electric station has come into operation, that an electric plow has been successfully tested, or that an industry has shown an upward production curve.

Industrial rehabilitation is the one absorbing topic of discussion in Russia at the present time. Wherever I travelled I encountered new plans, new theories, new points of view, new practical experiments. The plans for industrial revival fall into several broad classes. In the first place, there is general hope that foreign capital will gradually be tempted to participate in the exploitations of Russia's natural resources by the offer of concessions on extremely favorable terms. To be sure, there are certain limits beyond which Russia will not go in this direction. As Lenin and other leaders have repeatedly said, Russia is not a conquered country, and she will not submit to such treatment as has been applied to China. She will not, for instance, tolerate foreign control of her railroads and basic industries, or a foreign receivership for her taxes. But, with these reservations, she is willing to offer the foreign capitalists inducements which are proportionate to her present industrial prostration and need of help.

Some of the richest mineral deposits in the world are buried in the Ural Mountains. This region is especially

wealthy in coal, iron, platinum, asbestos, graphite and precious stones. The Soviet Government is willing to offer valuable tracts of land for exploitation, taking only a small part of the gross product as rental. The concessionaire is to furnish operating capital, machinery and equipment, and to pay his workmen according to Russian trade union standards. Several beneficial results are hoped for from this policy of concessions. The supply of available commodities will be immediately increased; and employment will be furnished for a number of workers who are now a burden on the resources of the state. Moreover, the technical and commercial methods employed by foreign corporations are expected to serve as an object lesson to the inexperienced managers of Russia's industries. So far the policy of concessions has not produced any very striking tangible results. A few contracts have actually been signed with foreign capitalists; and others are being negotiated; but foreign capital has not yet begun to enter Russia on a large scale.

Russia is also anxious to arrange some system of international credits, by which her foreign purchases can be financed, until industrial and agricultural production begins to show a surplus. Up to the present time Russia's foreign trade has been conducted on a basis of barter, the unfavorable balance being made up by exports of gold. Whether mutually satisfactory terms for an international loan can be agreed on will doubtless be decided at some international gathering, succeeding the Genoa Conference.

Industrial immigration is also recommended as a method of reconstruction. If qualified groups of workers in other countries, equipped with the necessary tools of the trade, desire to emigrate to Russia, the Soviet Government is ready to turn over mines and other industrial

enterprises for their exploitation. The recently announced plan to develop the rich Kuznetzk coal basin in Western Siberia by leasing it to a coöperative group of American workmen is a concrete manifestation of this policy. It is calculated that industrial immigration, if carried out on a sufficiently large scale, would be equivalent to a large credit to Russia in the shape of badly needed tools and equipment. Moreover, the increased skill and superior initiative of the average American-trained Russian workman must be considered desirable and important factors.

In the Urals a number of plants now standing idle seem to offer excellent facilities for development by co-operative groups of workers. In some cases every necessary resource, coal, iron, water-power, etc., is to be found within a few miles.

I discussed the question of introducing American workmen into Russia's industrial life with Kiselev, the assistant manager of a group of Ural coal mines, who is himself a returned Russian-American workman. Kiselev emphasized the point that immigration of this kind must be carried out in organized units. Immigrants entering enterprises singly, or in small groups lose themselves in the mass of Russian workmen and thus cannot take advantage of the skill which they acquired in America. On the other hand, if they should come in groups of fifty or a hundred men, or even in larger units, and take over certain departments of work, they would not only be able to increase the efficiency of these departments, but they would also exert a stimulating influence upon the rest of the workers. Kiselev was more skeptical about the prospect of large groups of immigrants taking over entire enterprises or regions. He felt that the interests and feelings of the local Russian workers, together with

the political implications of such a project, must be carefully considered. However, if a practical plan could be devised, by which the Russian workers and the immigrants could work together and enjoy the fruits of greater efficiency in common, the experiment would be worth while. Of one thing, Kiselev and every one else with whom I discussed the subject were certain: that Russia now stands in need of steady, loyal workers, rather than agitators or schemers who come to Russia with the idea that they can change conditions overnight by transporting American industrial practice bodily into Russia.

The most ambitious of all the proposed roads to Russian industrial recovery is the scheme for the electrification of industry, agriculture and transport which has been devised by a group of the foremost Russian technicians under the leadership of the Communist engineer, Krijanovsky.

Based on a searching investigation into every phase of Russian economy, it proposes to reestablish and improve Russian agriculture, transport and industry by means of a broad application of electricity throughout the country. The plan is so vast, so comprehensive and yet so precise, that as a piece of engineering literature, it is a distinct contribution to human knowledge.

The work is composed of two parts: the first deals with the general principles underlying industrial development as a means of improving the well-being of the people, and with electricity, in particular, as the modern agent of such improvement; it discusses the effect of the Russian Revolution on the industries of Russia, and the opportunity which the Revolution created for a far-reaching, efficient and economical development of the industries; finally it analyzes each branch of national economy sepa-

ately, and shows the extent of saving, improvement, as well as cost, of introducing electric power on a large scale.

The second part of the work consists of reports, in great detail, with exhaustive tables and maps, of the several regions into which Soviet Russia has been divided for the purposes of electrification. Eight regions have been established: Northern, Central, Volga, Southern, Ural, Caucasus, Turkestan and Western Siberia. In every region the natural conditions were studied, the available power facilities: water, coal, peat, also the need for power. Every suitable stream in the region, every energy resource was examined, surveyed and classified.

The plan, designed for execution in ten years, proposes the establishment of thirty regional power stations, twenty steam and ten hydro-electric, of a total capacity of 1,500,000 kilowatts, at an estimated cost of 1.2 billion rubles (\$600,000,000). These stations are to be located at the vital industrial, mining and transport centers, with a network of transmission lines reaching every village and factory in Soviet Russia.

In the elaboration of this monumental work nearly two hundred of the most eminent Russian engineers took part, under the presidency of that wizard of revolutionary construction, G. M. Krijanovsky. His collaborators included Professors Kroog, Doobellir, Komarov, Ramsin, Shulgin, Graftio, Ugrimov; Engineers Stunkel, Cohan, Lapirov-Skoblo, Vashrov and others who formed a commission known as *Goelro*—State Commission on the Electrification of Russia; and whose labors were based on investigations and reports begun in 1912-13.

All the plans which have been mentioned so far, concessions to foreign capitalists, immigration of foreign workmen, electrification, are largely matters for the fu-

ture. But Russia's industrial crisis is a very immediate and pressing problem; and many efforts are being made to cope with it on the basis of Russia's present resources in labor power and industrial equipment. I recall one interesting discussion of the practical workings of the new economic policy in which the members of our Ural party participated, along with Krapivin, an efficient, hard-working engineer in charge of one of the Ural industrial regions. Under the new economic policy some plants remain State undertakings, receiving food, raw materials, etc., from the government and turning over all their product to the government. Others are being placed on a basis of self-support, with the understanding that these plants will manufacture such articles as they can exchange with peasants and other purchasers for foodstuffs. The question arose to what extent the plants in the second category would contribute to the government.

According to Krapivin's plan, the workers in such establishments would receive one-third of the value of their product, the other two-thirds going to the regional economic body in whose jurisdiction the plant was located. The objection was raised that under a plan of this sort the government might suffer, if, for instance, the plant should consume all, or a large part of the raw material which was left for their use. Krapivin's reply was that the experiment was to be tried for a short period, and if found advantageous, only then made permanent. Another member of our party inquired whether products could not be manufactured at a much smaller cost on a basis of mass production, discarding the handicraft methods which are used at present. If they were manufactured in this manner the rate of exchange could be made more reasonable. The point was also raised whether it

was at all advisable to keep up poorly equipped plants, where production costs were bound to be excessive. Krapivin replied that of course production on an efficient basis was desirable, but that the new methods and new equipment which such a change would demand were not always available. As for the operation of poorly equipped factories, it was pointed out that it was often more advisable to keep a plant going than to consider the cost of production. He cites a concrete illustration of this point. At one small plant axes are made by hand, which is, of course, a very uneconomic method of production. Yet it seemed unwise to close this plant because the workmen there must be supported by the state, since they have no other means of livelihood. Every one agreed that production is the most pressing problem, and L. A. Martens, formerly representative of Soviet Russia in the United States, expressed the general opinion when he observed that the government does not really care what percentage of the product is allowed for the upkeep of the plant, i.e., for the maintenance of the workmen and the carrying on of the manufacturing processes. The government has to support the workers in some form or other; if a plant provides for itself, it is so much clear gain for the government. Moreover, as more products are manufactured and placed on the market, exchange between town and country will be reëstablished more quickly.

Krapivin told us that he would like to open up every factory in his charge. He had an abundant supply of labor; and he felt that he could turn out enough agricultural implements and other articles needed by the peasants to keep the plants operating on a self-supporting basis, once they were started. The great drawback was the lack of ready capital, which, in the present case,

meant food to tide the workers over the period when no production could be expected. Negotiations were being carried on with some of the peasant communes for installing electric light stations by means of locomobile equipments of which the factory possessed a number, and grain was to be taken in payment for this service. Representatives had come from Turkestan to ask for a certain kind of plow which was used by the natives in that region; and this might prove another means of securing the indispensable bread. Krapivin outlined another scheme which was quite original in its details. The plan aimed at the creation of a large grain producing organization which would satisfy the needs of the factories. It was suggested that a large number of tractors should be supplied to the Bashkirs, who compose most of the peasant population of the Southern Urals, in return for which these tribesmen should supply the factory workers with grain. Under normal conditions the Bashkirs are cattle raisers and pay little attention to agriculture. Now, as a result of the drought, they have neither food for their cattle nor bread for themselves. A large organized agricultural enterprise which would guarantee a regular food supply would appeal to them. When the question of obtaining tractors was raised, Krapivin asserted that there were plenty of them in Russia. He knew of forty in Saratov which were not being used.

In reading the Russian papers one is struck by the immense amount of attention which is devoted to the economic crisis. Discussion of the situation is unending. Many plans are proposed; many studies and reports are made. A number of government departments keep large staffs busy at the work of tabulating industrial statistics. One is forcibly reminded of the old discussion of the Bol-

sheviks, the Mensheviks, the Social Revolutionists and other parties. All had plans; all talked a good deal; but it requires courage and confidence to act at the right moment. So in the present situation some group of industrial experts with a Bolshevik gift for quick decision and vigorous action will have to take the initiative and put an end to this interminable discussion.

The old specialists, learned engineers, technicians, managers and administrators play the rôle of industrial Mensheviks; they want more commissions, more studies, more plans, assistance from European capital, etc. At the other extreme there are some impulsive and reckless advocates of action who have no guiding plan at all.

In the midst of these long and sometimes fruitless debates a few constructive, practical, sensible suggestions are offered. One writer in *Economic Life* described the great quantity of materials which are stolen, hidden away and otherwise unaccounted for throughout Russia. Five hundred thousand *arsheens* of silk were found concealed in an obscure district, a large quantity of iron was discovered in a forgotten warehouse, a store of cloth was unearthed beneath a peasant's floor. Similar instances could be multiplied many times. A considerable trading fund could be created by salvaging these "finds." I talked with Martens about the practicability of requisitioning such economically useless articles as carpets, laces and bronzes and thereby creating an export fund which could be used for the purchase of agricultural machinery, food, clothing and other things of primary necessity, but he was inclined to believe that no such stores existed.

After travelling through Russia and Siberia, inspecting many factories and talking with government officials, technicians and workers of varied viewpoints, I am convinced

that there is no single shortcut to Russia's industrial recovery. Every department of Russian industry and agriculture has suffered, and revival must proceed along gradual and natural lines. It cannot be brought about by favoring one or two important industries at the expense of everything else or by concentrating undue attention upon a few special manifestations of a malady that has affected the whole body of Russian economic life.

It seems to me that Russia's foreign trade and domestic economic policy should be guided, for the time being, by consideration of the immediate needs of the workers and peasants. Every effort should be made to increase the supply of food, fuel and clothing by purchases abroad, by exchange with the peasants and by every other practicable means. Russia would be well advised to forget Europe and America, to postpone big plans, to drop elaborate researches and to settle down to work on the basis of available resources. Every factor essential to success is really within reach. Lack of food is one of the most common complaints. Yet, somehow the population is fed, and foodstuffs can be obtained on the markets in exchange for money and merchandise. Even under the handicap of the famine, which, it is to be hoped, will be removed within a year or two, it should not be impossible to find food for the ten per cent of the population which is engaged in industrial work. And these industrial workers, in turn, should be able to turn out the manufactured goods which are most badly needed by the peasants,—plows, scythes, axes, hammers, nails, horse-shoes, pots, glass, paint, wire, leather, cloth.

For the present it would seem advisable to put aside such ambitious ideas as the creation of elaborate transport equipment, the building up of new cities and indus-

trial centers, the opening of new mines and the exploration of untouched sources of natural wealth. Attention should be concentrated upon the development of accessible and easily exploitable properties.

The Russian Government has been very successful in its political and military organization. The Bolsheviks triumphed in the political field because they possessed both the courage to act and the insight to select the proper psychological moment for action. Now the Soviet power is so firmly entrenched, with its local organs established in every town and village of the enormous country, that nothing in the world can shake it. The Bolsheviks were also able to create a powerful military machine with the help of the means at hand: old officers, who gave their technique, under compulsion, it is true, and young enthusiasts who were devoted to the Revolution.

Now the industrial organization must be built upon parallel bases. Existing industrial resources must be considered first of all. The better plants should be put in shape for operation by making urgent repairs; the inferior mines and factories should be temporarily closed, wherever it is possible to make more productive use of the workers who are employed there. The lot of the technicians should be improved as far as possible, inducing them to look upon their work with the pride which some of the former tsarist officers came to take in the development of the Red Army. Finally, steps should be taken to combat the excessive bureaucratization of Russia's industrial administration. (This is being carried out at present.) Complete freedom of foreign and domestic trade is neither practicable nor desirable, for it would lead to a disastrous orgy of speculation. But, if the new economic policy is to receive a fair trial, considerable

freedom of initiative must be permitted individual enterprises. Finally there should be a simplification of the present economic administrative structure, in which the functions of many departments and government institutions conflict and overlap.

CHAPTER IX

THE NEW ECONOMIC POLICY IN PRACTICE—I

I HAVE already described the underlying theoretical principles of the new economic policy, together with the conditions which made its adoption an imperative necessity for the Russian government. It still remains to show how the new policy works out in practice, how it has affected the economic life of Russia. This is not an easy task. The Soviet Government's effort to bring about a revival of trade and industry has encountered unforeseen problems and obstacles, which have, in turn, led to constant changes and modifications in the decrees published during the last year by the central authorities. However, there are a few broad tendencies which stand out like landmarks in this period of industrial flux and transition. Among these tendencies may be noted the signing of treaties with a number of European and Asiatic countries, efforts to build up relations with foreign capitalists on a basis of trade and concessions, the working out of a financial policy, including a state budget, reforms in legal procedure and codification of existing laws, a steady broadening of the scope of the coöperatives, a systematic attempt to promote the organized immigration of qualified groups of foreign workmen to Soviet Russia. In its domestic economic policy the Russian government has attempted to derive the maximum amount of benefit from the encouragement of private initiative in industry, while striving to regulate and discipline the new tendencies by maintaining such measures as nationalization of

foreign trade, state control of basic industries and the strengthening of labor legislation.

March, 1921, the month when the new economic policy was formally promulgated, was signalized by the conclusion of a number of peace treaties and commercial agreements. The Trade Agreement with Great Britain, the product of long and protracted negotiations, was signed at this time. This agreement was subsequently interpreted by the British court as according *de facto* recognition to the Soviet government and exempting it from liability to suit in the British courts. The Agreement provides for mutual admission of the commercial representatives of the two countries, for an exchange of trading facilities and for mutual abstinence from hostile propaganda. As the first great power to open up formal commercial relations with Soviet Russia, Great Britain enjoyed the largest share of Russian trade during 1921.

Treaties with Poland and Turkey were also concluded in March, 1921. A certain amount of trade has gradually developed between Poland and Russia, although relations between the two countries have been strained several times by the failure of the Polish government to carry out the provisions of the peace treaty, which stipulate for the liquidation of all organizations in each country, which aim at the destruction of the government of the other. Russian White guard organizations are flourishing in Poland to this day; the Savinkov band and others weaving their conspiracies against the Soviet state.

The Turkish Treaty, which was signed on March 16, sets the boundary between the two countries, abolishes the right of extra territoriality which Russia, in common with other powers, had previously claimed for its citizens in Turkey, and provides for joint diplomatic co-

operation against the aggressive designs of the Western powers.

Germany was the next country to institute formal relations with Russia. By the terms of an agreement signed at Berlin on May 6, 1921, economic representatives of the two countries were mutually guaranteed "the rights and privileges of the heads of accredited missions." It was furthermore provided that the Soviet mission in Germany should be regarded as the sole representative of the Russian state. The agreement also included a number of clauses looking to a resumption of trade between the two countries and providing for the arbitration of cases where the laws of the two countries might conflict. The friendly attitude of the German Government toward Soviet Russia was recently manifested by the turning over of the old tsarist embassy in Berlin for the use of the Soviet mission.

Norway fell into line by concluding a trade agreement on September 2. This document follows very closely the lines laid down in the German treaty. Article XI of the agreement is especially interesting as a practical recognition of the full sovereignty of the Soviet Government. It reads as follows:

(a) The monopoly of foreign trade—as far as Russia is concerned—belongs to the Government of the R. S. F. S. R., which works through the Commissariat for Foreign Trade and its organizations.

(b) Every commercial agreement and transaction which has been made with some private persons or groups who are not working on behalf or with the consent of the government of the R. S. F. S. R. will be regarded as a violation of such monopoly, with all consequences, arising out of the Russian law in the matter.

(c) The monopolization of foreign trade by any party cannot be regarded by the other party as a reason for imposing any customs duties or claiming any compensation.

Shortly afterwards Austria signed a compact drawn up along similar lines and including particularly recognition of the Ukrainian Soviet Government. This is of especial importance as Austria harbored a number of hostile organizations claiming to represent Ukraine, which under the provision of the treaty will have to be disbanded.

On December 26, a commercial agreement between Russia and Italy was signed.* In this agreement with Soviet Russia, Italy, the fourth large power in Europe, establishes the principle that the Italian Government "will not take any step with the object of sequestrating or taking possession of gold, funds, securities, or goods, that have not been identified as the property of the Italian Government, and which may be exported from Russia on payment or as guarantee of importation. Nor shall any step be taken against the movable or immovable property that may be acquired by the Russian Soviet Government in Italy." (Art. XIII.) The agreement is followed by a Declaration of Recognition of Claims, similar to the Declaration used in the agreement with Great Britain:

"At the moment of signing this convention both parties declare that all claims of the Parties and of their own nationals against the other party concerning property or rights or obligations assumed by the existing government and the preceding governments of either party, shall be equitably adjusted in the general definitive treaty provided for in the Preamble.

* This treaty failed to be ratified by the Soviet Government.

"However, without prejudicing the general provisions of the treaty provided for above, the Russian Soviet Government declares that it recognizes in principle its own responsibility for the payment or compensation to private persons who may have furnished goods or services to Russia that may still remain unpaid. The details of the execution of this obligation shall be established by the Treaty provided for in the Preamble.

"The Italian Government makes the same declaration for itself."

This Declaration sketches the manner in which Soviet Russia and foreign powers can reach mutually satisfactory agreements in the adjustment of claims against one another. France and Belgium are the only two countries in Europe refusing to concede the justice of this arrangement, and their stubborn opposition is retarding European reconstruction.

Negotiations carried on with Sweden resulted in a preliminary agreement between the two countries signed at Stockholm, March 1, 1922. While this agreement failed of ratification by the Swedish Parliament, probably under the effect of the Genoa conference, nevertheless, Soviet Russia has its representation in Sweden, and the commercial relations between the two countries are growing in importance. The agreement with Sweden was the most comprehensive, including both political and commercial recognition, granting the representative of Soviet Russia full diplomatic rights and privileges, the use of the flag, etc. Trade is to be carried on in accordance with the legislation in force in each country. Nationals of one country have the right to engage in trade or industry in the other country, and enjoy the same rights and protection as other foreigners.

Because the agreement provided for the full recogni-

tion of the Soviet Government, pressure has been brought to bear on Sweden against its ratification but it is hoped that the document will be ratified in the course of this year.

Germany, however, dared to complete its provisional agreement with Soviet Russia of May 6, 1921, by the formal peace treaty signed at Rapallo on April 16, 1922. This treaty has stirred up enough discussion during the Genoa conference, and after, to have made its provisions familiar. The treaty is vastly important to both Russia and Germany, providing as it does, an instrument of mutual interest and contact. Clause 5 says: "The two governments undertake to give each other mutual assistance for the alleviation of their economic difficulties in the most benevolent spirit." Surely the unhindered combination of Russian natural wealth and German technique and patient methodical organizing ability should prove a boon to both countries.

Other states with whom Soviet Russia has peace treaties or commercial agreements are Esthonia, Lithuania, Latvia, Finland, Persia, Afghanistan, Mongolia, and Czecho-Slovakia. In addition, a general peace treaty between Soviet Russia and Poland, Esthonia and Latvia was concluded at Riga on March 30, 1922, whereby "The delegates of Esthonia, Latvia, Poland, and of the Russian Socialist Federation of the Soviets of Russia, met at Riga on March 30, 1922, solemnly confirm their sincere desire for universal peace, as well as their decision to live in harmony and to undertake the settlement of contentious questions by pacific means."

The several treaties enumerated here, considered chronologically, are interesting as showing the growing confidence in the Soviet Government on the part of Europe. England, the first to conclude a trade agreement,

devotes more space in the document to the question of propaganda than to the question of trade. The tone of the whole document is that of distrust, of an agreement to treat with a party that is avowedly not an equal. The German agreement two months later already recognizes that Soviet Russia is a sovereign state, and concedes to "the Representation of the R. S. F. S. R. in Germany" consular and other rights. The third treaty, with the Norwegian Government, is a definite political agreement between two sovereign states. And finally, the preliminary Russo-Swedish agreement is still broader in scope, and deals with the commercial and political interests of both countries in a businesslike, matter-of-fact manner, "in accordance with international law."

In just one year of international relations, March, 1921, to March, 1922, Soviet Russia thus succeeded in establishing her right to complete recognition in the eyes of the world.

In discussing Russia's external economic policy, Krassin, the Commissar for Foreign Trade (*Izvestia*, Sept. 7, 1921) characterizes the Russo-British Trade Agreement, in its present form, as unsatisfactory, because it does not provide for political recognition of the Soviet Government, because it can be abrogated at the will of either party, and because the recognition of the right of the Soviet Government to dispose of Russia's national property is insufficient. However, in Krassin's opinion, a poor agreement is better than no agreement at all; and he is confident that British public opinion will not countenance a breaking off of Russo-British trade relations. Krassin touches on the original difficulties of utilizing Russian gold for foreign purchases; these obstacles have now been largely overcome. He expresses the hope that the purchase of food in America for famine relief will

"set a precedent for commercial purchases in America."

Krassin then turns to the subject of concessions. He feels that the failure of the Soviet Government to conclude definite agreements with any large number of foreign capitalists up to the present time is not a reason for discouragement, as concession agreements, even in pre-revolutionary times, always required months for discussion and elaboration of details. The important thing is that concessions are being negotiated with a number of powerful foreign firms; and this fact, in Krassin's opinion, makes Russia's chances for political recognition much brighter. Insisting upon the necessity of keeping Russia's transportation system a government monopoly, Krassin nevertheless declares that this rule may be open to some exceptions. He alludes to the possibility of granting concessions in connection with the building of new railroads in the north of Russia, and the opening up of direct transport connection between Petrograd and Baku.

The parts of Krassin's statement relating to the practicability of raising a foreign loan are so interesting for the light which they cast upon Russia's policy at Genoa that they deserve to be quoted in full.

"We are now devoting attention to a great international loan, without which it will be impossible to rebuild Russia economically in a short time. But the question to be answered here is: Is it not utopian to speak of such a loan? Our experience in the course of a year and a half of work abroad has suggested to us that the preparations for a loan to Russia are a logical outcome of those general economic circumstances in which the capitalist countries also are involved.

"The interests of capitalist Europe and America themselves imperatively demand that the question of this loan

be put upon the order of the day. Europe is languishing in the pains of a tremendous and unprecedented crisis. There are now in France, England and America, hundreds of thousands of automobiles, hundreds of thousands of tractors, and all sorts of transportation machinery, locomobiles, instruments, supplies of iron, steel, etc., for which there is no outlet at all, since the French automobile manufacturer cannot sell a single automobile in England, and the English automobile manufacturer cannot sell a single automobile in France. Germany cannot buy; she can only sell, because of her enormous debts, and the idea has begun to work itself into the minds of the most farsighted capitalist leaders in Europe that without an economic reconstruction of Russia, there is no possibility of attaining a healthy circulation of the blood in this great economic world organization.

"I think that the question of a great trade loan is a timely one. Let me say that this question will become acute first of all in France, the same France which has tried, as no other country has, to boycott Soviet Russia in the most stubborn manner, which has been the initiator of all the harm of every kind to Russia, of interventions, uprisings, etc. It will be France in the first place, I think, who must give us money. France must give us money for the reason that, owing to the stupid policy which she has been following so far and which has brought her to the point of complete isolation, the only way by which she can save for herself even a part of her claims on Russia, will be by granting us a new loan. Only on these conditions will France be able to obtain a recognition on our part of any of the debts of the former governments, and the main demand of France upon us has been for the payment of this indebtedness. Furthermore, it would be ridiculous for France to expect recog-

dition of her loan at par at a time when the quotations of Russian obligations on the Paris Bourse are about fifteen francs to the hundred."

Just before the Genoa conference, Krassin said in the course of an interview:

"Russia has an inexhaustible wealth of natural riches, and her hundred and thirty millions of people, with the help of her economically stronger and more cultured neighbors can develop productive forces surpassing the most audacious hopes.

"The economic system founded in Russia by the will of the Russian working people is founded on the principles of ownership by the whole people of the whole land, and state control or nationalization of the most important branches of industry and foreign trade. These foundations remain unshaken, but they do not preclude the possibility of working side by side with foreign capital."

In every case, it was not the attraction of immediate trade alone that formulated these treaties, but the "possibility of working side by side with foreign capital" in an ever increasing measure. To give this possibility of working side by side, within Russia, a number of "mixed" companies have been recently organized. In a "mixed" corporation part of the shares are held by the Soviet Government, and part by foreign interests. A typical corporation of this form is the Leather Corporation formed in February, 1922.

Its full title is "The Leather Corporation for Internal and Foreign Trade," and the incorporators are the Commissariat for Foreign Trade, the Supreme Council of National Economy, Centrosoyus (Union of Consumers' Coöperatives), and citizens Steinberg and Tomingass. Capital of corporation,—15,000,000 gold rubles divided in 15,000 shares at 1,000 rubles each. The corporation is

managed by a Board of Directors of five, elected by the general stockholders' meeting for two years; a managing director is elected by the Board. The charter gives the corporation the right to collect and prepare leather, hides, skins, furs, horsehair, bristles, hoofs and horns for domestic and export trade; to prepare, purchase and import materials needed in the business of the corporation, or for trading purposes; to establish plants, warehouses, offices, etc., in Russia and abroad, and to own and operate transport facilities; to keep funds of Russian or foreign denomination, to establish credits and carry on exchange transactions with Russian or foreign firms and institutions in accordance with existing laws and regulations, or such as may be passed later.

Another "mixed" company is "Derumetal" (German-Russian Metal) owned by the Commissariat for Foreign Trade and Herr Norbert Levi of the Lichtenberg Metal Works. Capital,—two million marks; purpose,—export and sale mainly in Germany, of metals and minerals, ores, scrap and waste metal.

Another one is "Derutra"—Russo-German Transport Co., formed between the Soviet Government and the Hamburg-American Line (American capital participating), for marine transport between western Europe and Russia.

In the matter of concessions we have already mentioned the one for mining asbestos in the Urals to an American corporation—The Allied American Co.; another to the Swedish S. K. F. Corporation. Another concession was granted to the Beecham Trust, an English corporation, for construction work in Moscow and other cities. Many others, as Krassin points out, are in the course of negotiation. The list of them would fill a number of pages.

A number of concessions have been granted to labor

groups; the first of them to an American group of workers (referred to in Chapter VIII) for coal mines, chemical and other plants in the Kusnetzk region of Siberia, together with the large metallurgical works—Nadejdinsky Zavod—in the Urals. The Soviet Government, in this instance, undertakes to subsidize, to the extent of \$300,000, the incoming workers. This organization is known as the "Industrial Colony Kusbas."

Another concession, on a large tract of land in the south of Russia, is granted to a group of German workers; and a smaller grant, also to a German group, is made in the Altai region of Siberia.

The Amalgamated Clothing Workers of America, Sidney Hillman, President, are responsible for a contract with the Soviet Government which forms the basis of the Russian-American Industrial Corporation, the "ARTPRA," as it is called in Russia (Workers' American-Russian Trade and Industrial Association). The nature of the enterprise and the terms are described by Mr. Hillman, in an address before the Convention of the Amalgamated Clothing Workers at Chicago, May, 1922, as follows:

"The Russian Government will turn over to this corporation, on a partnership basis, nine clothing and textile factories, employing to-day about 7,000 people. The actual value of the buildings, the actual value of the property, the actual value of the merchandise will be perhaps from 5,000,000 to 10,000,000 gold rubles, or from \$2,500,000 to \$5,000,000. All we would be asked to do is to put into that enterprise \$1,000,000. That will make it possible for that \$5,000,000 to begin to work."

The trade of Soviet Russia with foreign nations since the gradual breakdown of the blockade reached a consid-

erable volume, but it is difficult to determine the precise amount, since in the beginning there was a good deal of indirect trading through Latvia and Esthonia; and this complicates the import and export statistics. It may be safely said, however, that Russia's exports were limited by the dislocation of her industrial resources and her transportation system, while her imports were restricted by the fear of prematurely depleting her gold reserve. The modest quantities of goods which were actually exchanged between Russia and foreign countries do not represent even a fractional share of the potential buying and selling capacity of the Russian market.

To measure by the standard of quantity, England supplied 32.6 per cent of Russia's imports during the first nine months of 1921, Germany 23 per cent and America 19.5 per cent. Agricultural tools and machinery, together with railway material, were purchased in Germany, while shoes, binder twine and flour constituted the chief items among the imports from America. An order for 1,000 locomotives was placed in Sweden, while 700 locomotives were ordered in Germany.

America's trade with Soviet Russia during the first six months of 1921 compares not so unfavorably as one might suppose, with the rate of American sales to the same country in 1914. In 1914 American exports to European Russia, including Poland, amounted to \$22,260,062. According to a report published by the Department of Commerce, American goods to the value of \$12,603,000 were sold to European Russia, exclusive of Poland, during the first six months of 1921. In other words, despite the unsympathetic attitude of the American Government toward Russian trade, American exports to European Russia during the first half year of 1921 exceeded one-

half the value of the total sales to European Russia, including Russian Poland, in 1914. The Department of Commerce report unfortunately fails to differentiate between Soviet Russia and the Baltic republics of Latvia, Lithuania and Esthonia. However, there is every reason to believe that Russia absorbed by far the largest share of the American exports.

More detailed statistics are available about Russia's trade with England during 1921. Russia's purchases in Great Britain during this period reached a value of £4,777,918, while Russia's exports amounted to £1,601,116. Russia's chief imports were food, textiles and clothing. Next, in order of value, came agricultural machines and implements, coal, seeds, drugs and chemicals, machinery and parts, binder twine and steel ropes. By far the most important item in Russia's exports was timber. Oil was second, and flax, hemp and tow came third. Among the less considerable items may be mentioned bristles, caviar, copper, manganese, potash, tobacco, pitch and tar. It is interesting to observe that the British imports of Russian goods show a striking increase after the handing down of the court decision upholding the validity of the Anglo-Russian Trade Agreement and securing Russian exports against attachment and confiscation. The British purchases during October, November and December, 1921, amount to more than three-quarters of the total for the year.

These lists of imports and exports furnish a commentary upon the present industrial prostration of Russia and upon its commercial possibilities after it has undergone a period of rehabilitation. The famine in the Volga region is, of course, responsible for Russia's food imports. With the introduction of more scientific farming methods and

the rebuilding of the shattered transportation system Russia, with its rich soil and its large peasant population, should become a great food-exporting country. As soon as it is possible to repair the wanton damage inflicted upon the mines of the Donetz Basin by Denikin's retreating army, Russia will not be compelled to import coal. Moreover, the insignificant quantities of minerals exported do not by any means reflect Russia's real wealth in platinum, copper, asbestos, graphite, etc. In previous chapters I have indicated the causes of diminished production in the mines of the Urals and Western Siberia. The tentative commercial arrangements which have been concluded between Russia and most of the European countries have had experimental and educative value. They show quite clearly that full political recognition of the Soviet Government, together with some degree of external economic coöperation, must precede the restoration of Russia to her old place in world economy. In their own interests, in the interests of general industrial revival, the Allied countries are bound to agree to some plan by which the revival of Russia's productive forces may be hastened.

The growth of Russian foreign trade since the breakdown of the blockade is indicated by the following figures (U. S. Commerce Reports, January 9, 1922):

(In long tons)	Import	Export
1918.....	186,024	29,939
1919.....	8,387	842
1920.....	84,248	10,904
1921 (Nine mos. Jan.-Sept.)	573,982	90,041

The 1921 imports (for nine months) consisted of:

Foodstuffs.....	198,930	long tons
Fuel, Tar, etc.....	187,054	" "
Metals and Metal goods	123,944	" "

and were imported from:

				Per cent of total
England	186,943	long tons	or	32.6
Germany	132,522	"	"	23.0
United States	111,690	"	"	20.0
Sweden	47,441	"	"	8.3
Other countries	95,386	"	"	16.1

the United States thus supplying one-fifth of the total imports into Soviet Russia for the first nine months of 1921.

As a necessary result of the new economic policy sweeping changes have taken place in the financial methods of the Soviet Government. Before the introduction of the new policy the tendency had been to dispense with money as far as possible. Wages were paid and taxes were collected in kind. The use of money, or "money-signs" as paper money came to be called, was looked upon as merely a convenience, a necessary evil. As fast as the value of these money-signs dropped, their denomination was increased, until the amount, in rubles, reached fantastic figures. A curious feature of this period was that the printing presses could not keep up with the demand for money-signs—the peasants hoarded the Soviet rubles with the same avidity that they hoarded gold and silver. But as long as the peasants accepted this medium in exchange for their grain, etc., there was no problem with which capitalist states are confronted, of the need of a stabilized currency or a gold reserve to back it up.

With the introduction of the new economic policy, however, it was recognized that a partial reversion to capitalist methods of production and exchange demanded the creation of some sort of stable monetary mechanism. A state bank was set up; and the Commissariat for Finance set to work on the creation of a system of taxation which would permit the balancing of the national budget. Ac-

According to official figures the Soviet Government's budget for the first nine months of 1922 (revised in May) provides for an expenditure of 1,258,300,000 gold rubles, as against an estimated revenue of 1,119,250,000 gold rubles. Should this very optimistic forecast be fulfilled, Russia, with a deficit amounting to less than ten per cent of her expenditures, would make a better financial showing than any other country in Eastern or Central Europe. A comparison of the Soviet budget with the tsarist budget for 1910 (*Russian Information and Review*, Feb., 1922) brings out a number of interesting facts. Such items as Debt Services, Supreme Imperial Council and Synod and Board of Imperial Stud disappear altogether under the proletarian régime. In their place are set up services of Health, Social Welfare, Education, Pensions and Insurance, Labor, Nationalities. The main source of revenue in the tsarist budget was the government vodka monopoly; while the Soviet Government estimates that its largest receipts will come from the food tax, transport, post and telegraph, customs and loans.

Russia's new financial policy is explained in detail in a report by Krestinsky, the Commissar for Finance, which was printed in the Petrograd *Pravda*. Krestinsky, first of all, sets forth the reasons for the adoption of the new policy:

"The state formerly obtained its necessary material resources by the grain deliveries and by the national exchange of goods, and the workers, the Red Army and other groups of the urban population were supplied out of these resources. Even supposing that money may fall in value—this was our former view—if we fully supply these groups with everything they need we may renounce the use of money altogether and enter upon a new era

of moneyless economy. But now that we are no longer supplying the non-working population, nor even all of the workers themselves, out of the national funds, and intend to satisfy a part of the demands of the workers with money, and to permit them to use this money in free trade, the problem of supplying the worker with money is no longer easy. Formerly we had our system of money issues, but now we must proceed to stabilize circulation and draw up our budget in such a manner as to work without a deficit."

Krestinsky goes on to develop the need for taxation.

"It is not only possible," he says, "but politically necessary to collect taxes from the new entrepreneurs. We cannot permit persons who are acquiring great fortunes under the present circumstances to go scot-free of taxes, as well as of state imposts. We cannot free the bourgeoisie, which is about to grow up, from the duty of paying taxes and imposts in order to benefit the large-scale industry which is the cornerstone of our Communist structure. Taxes will facilitate the raising of our money quotations, and this in turn will enable us to limit our issues of money. A number of objections are raised against the taxes; it is said that they will be of insignificant importance as compared with the gigantic sums of money which we have issued. But the collection of commercial and trade taxes from the railroads, post-offices, telegraph, tramway lines and other national utilities will nevertheless yield at least one-tenth of what our money issues amount to, not including, of course, the tax in kind."

Krestinsky cites figures to show the productivity of the new taxes. He admits that Russia's industrial prostration makes it impossible to draw up a national budget

without a deficit; but this, he feels, is the goal to be aimed at. He believes that a general economic recovery is the essential condition both of stabilizing the currency and of balancing the budget. The paragraphs in which Krestinsky argues for a state monopoly of banking facilities deserve to be quoted as an expression of official viewpoint upon a question which has been vehemently debated in Russia during the last few months:

“Banks completely disappeared in the course of our revolutionary progress and even the state bank had hardly any turnover. Small manufacturers and peasants supplied all their products to the state, so that even the demand for credit entirely ceased to exist. Now there is unquestionably a need for banks. They are necessary, in the first place, as custodians of the gigantic sums in the hands of individual persons. It is true that the opening of a current account is not advantageous, now that the ruble is falling. But there is still need to preserve the sums in a secure place. In the second place, private trade in goods and private industry require credit. Our factories will also need credit, since they are no longer to be run at the expense of the state. We are directly interested, as a nation, in the granting of this credit, as it is credit which will increase our production of goods by the use of private initiative.”

The first requisite for the stabilization of the value of money is the limiting of government expenditures and the creation of a fixed budget, rigidly adhered to. This is being carried out by the Soviet Government with an unflinching hand; the state expenses have been pared down materially, in the Army alone from 556 million rubles (estimate of December) to 190.5 millions (esti-

mate of May). The military expenditures would be further reduced if a disarmament pact had been adopted at Genoa, as proposed by the Russians.

A state budget was drawn up in December, 1921, but in view of changed conditions it was revised—downward—in May, 1922. We give here both the original and revised estimates (*Russian Information and Review*, June 15):

INCOME IN MILLION GOLD RUBLES

	Dec. estim.	May estim.
Taxes and Customs duties.....	75.0	125.00
Transport, Posts, Telegraph.....	99.0	296.00
Timber and other State property.....	78.0	67.25
Nationalized industry.....	903.0	66.50
Revenue from and return of Government loans.....	.....	150.90
Food tax and supply of raw materials, etc.....	426.0	319.30
Various	66.0	0.80
Sale of gold and platinum.....	.....	15.00
From gold reserves.....	.....	78.50
Totals	1,647.0	1,119.25

EXPENDITURE IN MILLION GOLD RUBLES

	Dec. estim.	May estim.
A.R.C.E.C. and Council of People's Commissaries ..	6.5	4.9
Commissariat for Home Affairs.....	60.0	36.4
Commissariat for Nationalities	1.4	0.6
Commissariat for Finance	40.0	139.2
Commissariat for Justice	23.2	4.9
Commissariat for Foreign Affairs.....	2.0	4.0
Commissariat for Education	123.0	37.9
Commissariat for Transport	278.0	287.4
Commissariat for Agriculture	53.0	37.6
Commissariat for Labor	3.8	2.4
Commissariat for Health	118.0	25.1
Commissariat for Social Welfare.....	48.8	0.4
Commissariat for Food	140.0	239.6
Commissariat for Posts and Telegraph.....	26.0	24.0
Commissariat for Foreign Trade	142.0	5.4
Commissariat for Army	556.0	190.5
Commissariat for Navy	72.0	26.3
Supreme Council of National Economy.....	154.0	99.2
Workers' and Peasants' Inspection.....	2.5	2.8

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Central Statistical Board.....	4.8	4.0
Pensions and Insurance	14.0
Reserves of Council of P.C.....	12.0
To allied and autonomous republics.....	.....	85.7
Totals	1,881.0	1,258.3

The reasons for this drastic revision are obvious. The application of the new economic policy has caused more far-reaching changes in administration and in industry than could have been foreseen last year. The economic crisis due to the famine has affected all aspects of state finance; the extent to which decentralization would affect the central finances could not possibly have been appreciated in December, 1921.

It will be observed that the estimated deficit is about 139,000,000 gold rubles, or about ten per cent of the expenditure. This deficit will, of course, be met if necessary by the issue of paper currency; but if the harvest is favorable and conditions improve in August and September the present estimates will probably turn out to have been on the safe side.

The administration of justice in Soviet Russia has undergone important modifications during the last year; and here again the influence of the new economic policy is evident. Kursky, the Commissar for Justice, emphasizes the fact that Russian jurisprudence is still based upon Communist ideology. In his report to the All-Russian Central Executive Committee in May, 1922, he says:

"The proposed Civil Code will recognize only one right to the ownership of land, and that is the right of the State. This is a basic principle in our jurisprudence. As far as concerns buildings and structures, the right to private ownership of these was not abolished by the decree on socialization."

The sites of structures will be leased for a period of 36 years, and such lease may be transferred. As to

movable property, the decree of November 17, 1921, abolished the general power of requisition and confiscation; while the decree of May, 1921, put a stop to further nationalization. These decrees clearly imply the right to private ownership of movable property and the means of production. (*Russian Information and Review*, No. 18.) Authors' rights, patent rights, and rights to inventions are recognized in proposed legislation, as is the right of inheritance, limited to some extent and subject to a graduated tax. Similarly, the subject of contracts is fully covered, with provisions for referring disputes to courts of law. A very interesting clause in this section provides that in case one party to the contract takes advantage of the dire need of the other for purposes of usurious exploitation, the aggrieved party, by request to a court of law, can have the contract annulled.

On the subject of criminal law, Kursky's report says:

"A feature of our code in the matter of punishments is the utilization of a method which has grown up in Soviet legal practice, namely: compulsory labor, without deprivation of liberty; upon this principle a range of punishments has been established.

"The code further preserves that maximum period of deprivation of liberty, which has already been established by an earlier decree, i.e., five years. So lenient a maximum is foreign to the criminal laws of any other country, and is perhaps a bold step on our part. It is true that the extreme penalty must, for the present, be retained, but its application is strictly limited."

Further, a report by Krylenko deals with the draft of a decree defining the transition of Revolutionary Tribunals into courts of first instance and proposes the establishment of a Supreme Court of Appeal and a Supreme

Court of Cassation. The decree says: No person may be imprisoned except for reasons and in the manner specified; and defines the powers of magistrates, the courts, the State Political Department, etc., regarding arrest and imprisonment. Even decisions of military courts, in cases of imprisonment, are subject to appeal to the Supreme Court.

The creation of Procurators of the Republic as well as of an Institute of Advocates is proposed in a draft of a decree. The function of the Procurator is to act as the State's legal adviser, and to supervise the carrying out of laws throughout the Republic. The Procurator institutes legal proceedings where a crime is committed, or in case of an offense against the spirit of the laws, lodges a formal protest with the higher authorities; also the Procurator is to supervise preliminary investigations for the purpose of detecting crime and to conduct the prosecution in the courts.

As to the Institute of Advocates, it is to take the place of the present counsels for defense, who are state officials, and remunerated by the State. It is proposed that the first members of the Institute be nominated by the Commissariat for Justice, and later additions may be made by the members themselves; but the right of pleading in a court of law in many specified instances is not confined to Institute members.

Finally, the establishment of land courts is proposed in a separate decree, for the purpose of investigating and settling land disputes. While all land remains the property of the State, and is held by individuals or corporations for "use" only, definite rights for the users of the land must be established. The new Land Law provides that users of land can be deprived of it only under definite circumstances:

(1) When the household ceases altogether to work the particular portion of land allotted to it.

(2) When the land user is convicted by a court of justice of certain crimes.

(3) When a particular portion of land is required by the Government for certain State needs, such as the construction of a railway, and so on. Further, if without sufficient excuse the holder fails to cultivate the land or leases the land contrary to law, he can be deprived of the land for a period not exceeding one rotation of crops, and that only by judgment of a court.

It is in place here to mention the decree abolishing the Extraordinary Commission which was passed by the All-Russian Central Executive Committee on February 6, 1922. While this Commission had extra-legal powers, it was a necessary instrument of the Revolution, and functioned as long as the security of the Soviet Power demanded it. To-day, ordinary legal procedure is taking the place of extra-legality. Thus the functions of the Extraordinary Commission are transferred to the Procurator of the Republic or to the State Political Department, a department of the Commissariat for Home Affairs.

CHAPTER X

THE NEW ECONOMIC POLICY IN PRACTICE—II

THE coöperatives are called on to play an important part in the working out of the new economic policy. These organizations were highly developed in Russia before the Revolution. Under the stress of civil war they were placed under strict state control and entrusted with the task of distributing supplies to the population.

Having decided to revive freedom of trade, the Soviet Government recognized in the coöperatives an excellent agency for carrying on exchange with the peasants in an economical and efficient manner. Through previous experience the coöperators were well acquainted with the needs and desires of the peasants; and their organization eliminated much of the waste which was inevitably involved in small-scale private trading. By a number of decrees published in 1920 and 1921 the coöperatives were entrusted with the task of carrying on exchange of goods with the peasants. With a view to this end a general agreement was signed between the Centrosoyus (All-Russian Union of Coöperative Unions) and the Commissariat of Food for the delivery to the former of all available stocks of goods.

It has been estimated that the Centrosoyus during 1921 distributed goods to the value of \$15,000,000 among the population. It was left free to fix the equivalent values of the supplies which it received in exchange. The coöperatives have also acquired a certain degree of financial

independence. From September 1 the state ceased to finance the work of the coöperatives. As a result of this policy Khinchuk, the President of the governing board of the Centrosoyus, suggested that it was necessary to open up stock subscriptions, to stimulate deposits, to organize new undertakings, to strengthen the producers' coöperatives and to establish international coöperative relations. Steps have also been taken toward the creation of an international coöperative bank; and the granting of loans by the government is under consideration.

The revived coöperatives have also been an important factor in foreign trade. The Centrosoyus collected goods for export from the surplus of raw materials, agricultural produce and articles of *kustar* production (Russian peasant industries) which had been collected by the local coöperative unions. Naturally, the Centrosoyus in this work maintains close relations with the Commissariat for Foreign Trade; and three members of its board, Krasin, Lejava and Voikov, are at the same time commissar and assistant commissars in the Commissariat for Foreign Trade. Practically all the trade with Great Britain has been carried on through this medium.

The new economic policy aims to encourage the development of producers' coöperatives. The establishment of Consumers' Coöperatives at every factory, in every organization is also encouraged. In the leasing of industrial plants qualified groups of workmen are given preference over individual capitalists. The *artel*, a band of workmen associated for a common task, was a familiar form of industrial organization in Russia before the Revolution; and the Soviet Government hopes that much of the reviving capitalism may be directed into coöperative channels.

The problem of absorbing foreign industrial immigra-

tion has come up in connection with the practical working out of the new economic policy. The possibility of absorbing American workers into Russian industrial life is discussed at length by L. K. Martens, formerly representative of the Soviet Government in the United States, in an article which appeared in *Economic Life* on June 22, 1921. Martens describes the sympathy which the November Revolution excited in the Russian population of America and the eagerness to return to Russia, which was immediately manifested by many Russian workers. Due to the difficult material conditions which prevailed in Russia the Soviet Government was in no position to absorb a large mass of unrestricted immigration. As the tide of immigration from America to Russia swelled, the Soviet authorities finally decided to close the border to immigration altogether until some systematic plan for accommodating industrial immigrants and providing them with work could be devised. Martens points out that by continuing the policy of forbidding all immigration, the Soviet Government would be depriving itself of valuable assets in the form of the skilled labor and the tools which many of these groups of immigrants were able to bring. He suggests that the Supreme Council of National Economy be empowered to regulate industrial immigration and to admit organized groups of workers whenever a place for them can be found. Acting upon Martens' recommendation, the Council of Labor and Defense adopted a resolution on June 29, 1921, supplemented by a resolution passed May 10, 1922, part of which is as follows:

(1) The department of Industrial Immigration of the Supreme Council of National Economy collects and studies all necessary data regarding works, factories and other enterprises which could be leased to organized

groups of workers from America and other countries with a view to increasing production. It ascertains the kinds of industrial groups of foreign workers which can be utilized in these undertakings and determines the nature and amount of the materials, tools and food supplies which the workers must bring to Russia at their own expense for the proposed undertakings.

(2) Such industrial and agricultural groups, organized in the United States, under the direction of the Department of Immigration of the Supreme Council of National Economy in agreement with the Commissariat of Labor, will obtain free entry into Russia.

(3) Food supplies, tools, equipment, clothing and household articles imported into Russia by industrial and agricultural groups of immigrants are to be admitted free of customs duties.

The response among American workers to this permission to go to Russia in organized groups must be considered remarkable. In the past immigrants have almost always gone to a new country in the hope of improving their material condition. Now the Soviet Government has been careful to explain over and over again that conditions of living in Russia at the present time are very difficult, and that newcomers must expect to share the hardships of the native population. Yet in spite of this a surprising number of workmen have shown themselves eager to cast their lot with the Soviet Republic. In their willingness to sacrifice immediate material comfort for the privilege of working to build up the ideal Socialist state, these men resemble the Puritans and Quakers of early America, who were willing to face the hardships of the wilderness for the sake of religious liberty. The spirit of these revolutionary immigrants is splendidly expressed

in the following letter, written by an Italian workingman to the editor of *Soviet Russia*:

"Dear Comrade:

"I read the article in *Soviet Russia* of Comrade Martens where he says that in Russia there is a great necessity of workers. I am very enthusiastic to go there where we work to enrich the great family: La Commune. I think that corruption, prostitution, disease, misery, desolation, hate and luxury tend to disappear in our great Russia; so I am sure, if I can go there, I will better myself and the new society. I think I will better myself and the new society, because I never can consume so much as I can produce with the aid of modern machinery.

"I am young and strong and willing to give all my energy for the reconstruction of a new, progressive society. My experience is small and great at the same time: I have worked in lumber camps in Washington, Oregon and California, in farms, factories, railroads, coal and copper mines. I am thirty years old and I never served in military destructive business. I wish I could go to South Russia, in an agricultural commune or elsewhere if necessary."

This is typical of requests from all parts of the country, which have poured in upon the Society for Technical Aid to Soviet Russia, the body which is charged with the function of preparing immigrants to go to Russia. The Supreme Council of National Economy has appointed a representative in the United States to supervise industrial immigration to Russia; and he has outlined the policy of the Soviet Government in the following published statement:

"Following the line of the new economic policy of the Soviet Government, the Supreme Council of National Economy is inviting organized groups of workers, agri-

cultural and industrial coöperatives, partnerships, groups, etc., to come to Soviet Russia for the purpose of leasing or taking on concessions, industrial establishments, factories, mills, agricultural colonies, etc., in accordance with recent decrees of the Soviet Government. The Supreme Council of National Economy also invites engineers, skilled mechanics, electricians, miners, builders and trained men in all branches of industry to come and take part in the building up of the economic life of Russia. For the development of Russian agriculture it also invites farmers, especially organized agricultural colonies, to come and introduce modern methods of agriculture and machine farming in Soviet Russia.

While technicians and skilled men are thus invited to Russia to undertake specific tasks, it must be understood that this does not imply at this time an opening of the Russian border to general immigration. On the contrary, the Russian border remains closed to general immigration until further notice, and only those who come under the head "Industrial Immigration" will be admitted.

So far we have discussed the external manifestations of the new economic policy—the effort to build up economic contacts with the outside world by means of trade, loans and concessions, the encouragement of industrial immigration, and so on. It is naturally on the internal life of Russia that the effects of the new policy are most numerous and most striking. For instance the whole relation between the Soviet state and the trade unions has been radically altered by the reintroduction of capitalism. This fact is fully recognized in a series of resolutions adopted last winter by the Central Committee of the Russian Communist Party.

The right to strike, which was logically denied during the period when the working class state undertook the

management of practically all industries, is again conceded. The Central Committee anticipates that the eternal struggle between labor and capital will be resumed in Russia and declares that "one of the most important tasks of the trade unions becomes henceforth the complete protection of the class interests of the proletariat in its war with capital. This task should be openly declared to be one of the most important, and the organization of the trade unions should be changed accordingly and completed. (There should be campaign committees, strike funds, loan funds, etc.)"

Even in government enterprises the trade unions are now given wider scope for their activities. Under the new economic policy state industries, whenever practicable, are to be placed on a paying basis. Naturally the directors of these industries, in their desire to make a good showing, will sometimes come into conflict with the working masses. The trade unions are recognized as a safeguard against exploitation of the workers at the hands of the state officials and are encouraged to fight against any indications of "bureaucratic perverseness" on the part of the government. This, it may be observed, is an interesting practical solution of a problem that has often been raised in connection with the application of State Socialism—the problem of protecting the workers' interests against an omnipotent state employer.

Naturally a distinction is drawn between the class struggle in capitalist countries and the class struggle in Soviet Russia, where power rests in the hands of a working class government. In capitalist countries the working class fights for economic improvement in the presence of a hostile political government. In Russia during the present transitional period, on the other hand, the trade unions are expected to strengthen the proletarian govern-

ment by protecting it against bureaucracy and against the possible excesses of the rising capitalism. In the event of disputes over wages and conditions of work in government industries the trade unions are expected to mediate between the insurgent workers and the official economic organs, explaining the viewpoint of each side to the other and smoothing out the difficulty as quickly as possible.

Another feature of the early period of the Russian Revolution, compulsory membership in trade unions, has now been abolished. It is recognized that this system has proved very unpopular and that it has served to rob the trade unions of much of their vitality. Consequently, membership is now made voluntary, and it is provided that the trade unions shall be nonpartisan in their attitude toward both political and religious questions.

The knotty question of trade union participation in the management of industry, which provoked such a prolonged dispute in the ranks of the Communist Party itself in the early months of 1921, is discussed at length. The report first of all defines a sphere of management in which the trade unions should not interfere. So it states:

“The earliest and most extensive possible resumption of large-scale industry is the condition without which successful liberation from the yoke of capitalism is impossible, and such success, under present conditions in Russia, absolutely demands the concentration of unlimited power in the hands of the factory directors. These administrations, responsible as a rule to a single head, must independently fix the amount of pay and supervise the distribution of rations and other provisions, in accordance with the collective contracts concluded with the trade unions, and under conditions which permit of the greatest

freedom of initiative, the most rigorous verification of actual results in increased production and profit, the selection of the most prominent and ablest administrators, etc.

"All direct interference by the trade unions in the administration of enterprises under these conditions must be regarded as absolutely harmful and unallowable. But it would be altogether inaccurate to interpret this incontestable truth as a denial to the trade unions of the right to participate in the socialistic organization of industry and in the administration of government industry."

The forms in which the participation of the trade unions is desirable are then outlined. The unions are to nominate candidates for all the state economic organizations. They are to select the most promising of the workers and give them the training necessary to fit them for administrative positions. They are to coöperate in the drawing up of government plans for industrial development. They are also expected to carry on constant educational propaganda among their members and among the laboring masses generally, describing Russia's economic difficulties and problems and explaining the decrees and policies of the government.

The trade unions are also expected to serve as a sort of liaison between the Communist government and the non-political working-class masses. It is recognized that the advanced policies of the government may result in disastrous failure, if the state of mind of the people is left out of account. It is therefore urged that the trade union members, not necessarily Communists, who live in close contact with the masses and understand their psychology should constantly report to the government on the popular reactions to official policies.

Instances of ill treatment of experts by workers are cited; and the trade unions are urged to use all their influence to prevent such occurrences in the future. The following passage in the report shows how keenly the Soviet Government has come to realize the necessity of enlisting the cordial coöperation of experts and technicians in the administration of industry:

“If with all our administrative institutions, i.e., the Communist Party, the Soviet Power and the trade unions, we do not protect as the apple of our eye every expert working conscientiously with a knowledge and love of his work, even though he be altogether unacquainted with Communism as an idea, there can be no real success in the Socialist order. We shall not soon be able to bring it about, but we must bring it about, at any cost, that the experts, as a distinct social group which will remain in the future until the Communist society is absolutely attained, should live better under socialism than under capitalism, in regard to their material and legal position, the friendly coöperation of the workers and peasants and their mental well-being, which depends upon the satisfaction derived from their work, and the knowledge of its value to society, independent of the mercenary interests of the capitalist class. No one will admit that a state of affairs is at all tolerable which does not make possible the work of experts, the encouragement of their best efforts, and the protection of their interests.”

The framework of the industrial revival as contemplated by the New Economic Policy is outlined in several decrees of the Soviet Government; that quoted below was published May 24, 1921, later supplemented by the *Nakaz* (instructions) of the Council of People's Com-

missars of August 9, which form the basis of subsequent legislation:

1. It is permitted to exchange, purchase and sell the surplus agricultural products which remain after the full payment of the tax in kind.

The right to exchange, purchase and sell also applies to commodities and articles which are products of home and small industries.*

2. Exchange, purchase and sale of commodities is permitted to individual citizens and coöperative associations, such as agricultural consumers' coöperatives, as well as coöperative stores for articles of home industry, and may be conducted in markets, bazaars, stands, booths and enclosed shops.

3. Products directly manufactured by the economic institutions of the Soviet Government, or under their control, enter into the Commodity Exchange Fund of the Russian Soviet Republic for purposes of exchange, and are released for distribution in the order provided for by Article 4.

4. The Commodity Exchange Fund of the Russian Soviet Republic is under the supervision of the People's Commissariat of Food and is released for commercial exchange mainly through the coöperative organizations, and in special cases through private persons acting on a commission basis—in each case, however, advising the Centrosoyus, according to an agreement concluded between the latter and the Commissariat of Food.

5. Trading in markets, bazaars, stands, booths and other places, as well as in enclosed shops, is regulated by

* The right to exchange, purchase and sell does not apply to goods and commodities which are under special regulations of the Central Government.

decrees and rules issued by the Executive Committee, within the limits of the general instructions issued by the Commissariat of Food, in coöperation with the Department of Internal Affairs, and approved by the Council of People's Commissars.

The decree providing for the leasing of government enterprises was accompanied by a long list of explanatory regulations which were promulgated on July 5, 1921. These regulations cover practically every phase of the leasing system.

First of all the rule is laid down that enterprises which are idle, or operating on a small scale, should be leased first. Enterprises may also be leased on the understanding that the lessee engage to increase production by a stipulated amount. Coöperatives should be given preference over individual entrepreneurs, although the latter are not barred. Special care must be taken to prevent leased establishments from falling into the hands of speculators. Foreign subjects may obtain leases on the same terms as Russians. The contract should specify the product and the amount of production required; and the lessee is forbidden to use the plant for the production of other commodities without the consent of the government organ which leased the enterprise.

Raw materials and fuel found on leased property must be turned over to the government or purchased at the market price. Enterprises producing articles in which there is a state monopoly are bound to turn over all their product to the government. The government, with the consent of the Presidium of the Supreme Council of National Economy, may undertake to supply fuel and raw materials to an establishment which agrees to turn over all or part of its product to the state. Leased enter-

prises are not to receive supplies of food and clothing for employees.

The term of the lease is made to depend upon such considerations as property value, capital, necessary repairs, etc. In general, short term leases are preferred; and a lease extending for more than six years must be specially approved. The responsibility for repairs which may be needed to carry on the contracted amount of production falls upon the lessee, who is also bound to return the enterprise to the government in perfect physical condition. The lessee's expenditures on repairs are taken into consideration in determining the proportion of the product which must be paid to the state as rent.

Competitive bidding for leased enterprises is to be encouraged. In order to avoid leasing for purely speculative purposes, the contracts specify the period allowed the lessee to start operations on the scale mentioned in the contract. Should this condition not be observed the contract is annulled.

The regulations show a keen apprehension that the leasing privilege may be abused for speculative ends. To prevent this certain powers of supervision over leased enterprises are vested in the provincial councils of national economy (*Gubsovnarchoz*). These councils are not supposed to interfere with the actual functioning of the enterprise; but they are charged with the duty of detecting and checking any breaches of contract on the part of the lessee. Before the lessee can import any goods from abroad these local councils must be satisfied that they are destined for the use of the enterprise, and not for sale on the open market. To the local council is also reserved the right to inspect all books and records, including statistics of output, so that the share of the product to which the government is entitled may be ac-

curately determined. The last of the regulations gives a qualified assurance of the rights of private property, so far as leased establishments are concerned. It reads as follows:

“In the interests of the development of production, and the saving of the supply of material necessary for the proper fulfillment of the contract by the lessee, all the material resources (reserve provisions, fuel, raw material, instruments, etc.) and also the premises occupied by the enterprise are at the exclusive disposal of the lessee for the term of the contract, and are not subject to requisitions or confiscations, except by the order of the corresponding judiciary organs.”

For the state industries a preferred form of organization since the summer of 1921 is the so-called “trust.” A “trust” is an amalgamation of several conveniently located plants of the same character, or a combination of plants producing different products which are subsidiary to one another. Four general types of trusts are described in *Russian Information and Review* of March 1st:

1. The trust uniting a whole branch of a given industry and therefore possessing a monopoly in the domain of sale, such as the Tea Board, the Sugar Trust, the Rubber Trust and the Farina Board.

2. The trust embracing businesses of a similar kind in a given area, when the need for unification is dictated by the necessity of a single plan for working the natural resources of a given area. All the timber and mineral trusts are of this order.

3. The third kind of trust is the combined amalgamation which embraces various enterprises of a single area. Such are the textile trusts, in which the spinning factories are united with the weaving factories when the enterprises

are territorially near each other. To this type of regional trusts belong the Chemicoal, the Bogoslov combination in the Urals, Yugostal, the North Viatka mining region and others.

4. Finally there is the type of trust which is a union of various enterprises situated all over the Republic. This is necessary when the products of certain enterprises are of primary importance for the manufacture of other enterprises. In such a case the need for unification is dictated by considerations of the most advantageous supply of raw material to factories. Such, for instance, is the Aniline Trust.

Among the first to be organized was the Linen Trust, combining seventeen flax factories in the Kostroma and Murom areas. This was followed by the organization of the Northern Timber Trust, which controls nearly sixty-five million acres of timber land north of Petrograd, with outlets on the White Sea. It has about one hundred and eighty sawmills, fifty-seven steam vessels for river and sea transport; also two rope factories, one textile factory, etc. It is organizing plants for the chemical preparation of wood, and dairies, fisheries, soap factories, to supply the needs of its workmen. As early as October it began exporting lumber to England, Holland and Norway.

A fine-cloth trust is operating in Moscow. Starting in September with 31,000 spindles and 6,000 looms, it increased this number to 50,000 spindles and 12,000 looms in January, and raised production from 217,000 pounds of yarn and 196,000 yards of finished cloth in September to 537,000 pounds of yarn and 414,000 yards of cloth in January.

Another important trust is "Yugostal" (Southern Steel), combining the Petrovsk, Makeev and Usov steel works, together with adjacent coal mines. These works,

in 1915, produced about 760,000 tons of pig iron and 540,000 tons of steel, and in 1921 only four per cent of that. In 1922, however, the production is expected to reach twenty-five per cent.

Many other trusts in every branch of industry have been organized or are in process of organization as shown in the accompanying table:

Name of Industry	Number of Establishments of Class 1	Number of Workmen	Number of Trusts	Number of Establishments Combined in Trusts	Number of Workmen in Establishments of Class 1 Combined in Trusts
Metal	148	148,596	7	57	125,489
Electrical	21	10,800	3	21	10,800
Textile	341	310,625	24	249	252,521
Chemical	84	28,013	6	80	13,502
Mining	29	19,274	5	11	12,875
Silicates	32	15,862	3	23	13,652
Woodworking ..	16	1,551	1	9	959
Food	236	16,152	3	236	16,132
Paper	12	15,602	2	7	10,000
Total.....	919	566,475	54	693	455,930

In the management of these trusts the former extreme rigidity of state control has been relaxed. Formerly the state owned factories and mines were controlled and administered by the national and local industrial boards of the Supreme Council of National Economy. Now, these boards appoint trust directorates and turn over the actual work of management to the latter organizations. The duties of the Supreme Council of National Economy and its local organs are limited to the following functions:

1. The right of appointing and changing the directing boards of the trusts.
2. Supervision, audit and regulation of their activities.

3. The drawing up of the programs of production and the lists of goods to be produced by the national industries.

4. The financing of the national industries.

Side by side with the local Councils of National Economy there are being developed now local or regional economic boards, patterned after the chief executive body of the Soviet Government—the Council of Labor and Defense. These local bodies are called Economic Conferences—the Russian appellation being *Ecoso*—and are composed of all the principal officials of the given locality—the chairmen of the Executive Committee (*Ispolkom*), trade union chairmen, directors of the food, land, labor and other departments; technical experts are invited as consultants. The purpose of the *Ecoso* is defined by a decree of June, 1921, to wit:

“To unify and develop the activity of all local economic organs, to coördinate their work, and to ensure that they meet the problems not only as may be dictated by local interests, but also by those of the state as a whole.”

These Economic Conference Boards are becoming more and more important in the economic affairs of the country, since their work is to a large extent to initiate measures and to demand reports as to the execution of them.

In general the organization of industry in the beginning of 1922 shows a marked improvement. The former inefficient bureaucratic central bodies controlling industry have been abolished, many useless institutions have been disbanded, industries are now being managed by responsible managing boards, and many of the smaller establishments are operated by their individual owners, or coöperative groups.

Many decrees governing the organization of industry are in process of preparation. Those recently promulgated are designed to facilitate industrial development, to provide new organs of exchange, credit, etc. There is considerable discussion regarding the creation of a bank for Foreign Trade, a commercial and industrial bank, etc. The current ideas underlying the arrangement of industry under the new conditions are ably expressed by M. Vindebol in his "Project of a Decree for the Organization of Industry" (*Economic Life*, March 8, 1922):

"Enterprises retained by the State are placed on a commercial basis wholly. All products which state industry delivers to state organizations are paid for by these with the overhead expenses added. Further, each trust or separate enterprise receives fully its fixed and operating capital within the limits of the latter, each enterprise can freely perform its economic functions, and is legally responsible for its acts.

"Thus in organizing our State industries similar to private stock companies, the State, through the agency of its planning and regulating organs, safeguards industry from anarchical production, and to some extent from dislocation.

"We need not, however, fool ourselves in regard to the fact that it will be impossible to find the needed operating capital in the country. We cannot get along without funds from the outside.

"The decree guarantees the interests of private capital which may desire to participate in our industry in one form or another. Should this capital fail to appear, we shall be obliged to cut down our industrial plans further, if only temporarily, to the extent of our means."

In other words, Soviet Russia is facing soberly the existing state of facts: foreign capital is necessary to the rebuilding of Russian industries; should it, however, not be forthcoming, Russia is prepared to adopt the more

slow and painful process of rebuilding her economic life alone by all the means at her disposal. Just as in March, 1921, she met a state of facts within the country by the introduction of the New Economic Policy, she is now prepared to meet another state of facts existing abroad by a change in her attitude toward foreign collaboration.

CHAPTER XI

SOVIET RUSSIA'S INDUSTRIES AND RESOURCES

IF Russia was, before 1917, a century behind other countries, politically, she is now a century in advance. The November Revolution moved time two centuries ahead, and now it is necessary to set back the hands of the clock twenty years or so, to allow the industrial development of the country to catch up with the political. Lenin foresaw this; in his pamphlet, "Concerning the Feed Tax" (referred to in Chapter VI) he says that the Revolution could not create overnight a Communist society in an agricultural country with a civilization ranging from patriarchal to Socialist. None the less, the Revolution placed the power in the hands of Communists; and they intend to use this power to establish in Russia a civilization of the most advanced type, with industry and agriculture developed to a degree not exceeded by the foremost capitalist countries.

Socialist economists condemn capitalism and preach its overthrow, but at the same time they are careful to point out that the mode of production developed under capitalism is superior to that existing under feudalism or medievalism. Capitalism is condemned for its wastefulness, greed and cruel exploitation of the masses; but the tools it has created—large-scale production, rapid communication, international exchange—are conceded to be useful tools in the march of progress. The Communists recognize the value of these tools and wish to use them in the construction of the New State. They recognize, further,

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that they cannot hire these tools apart from the foreign capital which owns them, and are therefore willing to compensate foreign capital generously, in the form of concessions, participation in "mixed" companies, individual property rights, inheritance rights, and so forth.

With the introduction of these methods, Soviet Russia is now proceeding slowly, painfully, to rebuild her shattered economic fabric. This is indicated by the increased production in a number of industries since the introduction of the New Economic Policy last year.

INDUSTRIAL PROGRESS IN 1921

COAL (*In Long Tons*)

Regions	Oct.	Nov.	Dec.	First nine months	Last three months	Total for entire year
Donetz Basin ..	561,128	708,063	853,225	3,180,638	2,125,802	5,306,440
Ural Mountains	93,548	87,097	80,645	732,258	259,677	991,935
Siberia	80,654	117,741	177,419	816,127	343,548	1,159,675
Moscow	58,063	66,129	90,332	474,193	214,516	688,708
Other regions..	14,516	13,390	16,129	.....	40,322	40,322
	807,909	992,420	1,217,750	5,203,216	2,983,865	8,187,080

OIL (*In Barrels*)

Regions	Oct.	Nov.	Dec.	First nine months	Last three months	Total for entire year
Baku	1,400,000	1,500,000	1,688,877	12,744,432	4,588,884	17,333,327
Grozny	677,777	677,777	711,110	7,022,225	2,066,665	9,088,880
Emba	77,777	77,777	66,666	255,555	222,223	477,777
	2,155,554	2,255,554	2,466,653	20,022,212	6,877,772	26,899,984

IRON (*In Long Tons*)

Regions	Oct.	Nov.	Dec.	First nine months	Last three months	Total for entire year
South	2,122	4,374	7,954	14,207	14,451	28,658
Ural	3,029	5,135	1,669	45,552	9,833	55,385
Central	1,215	1,490	1,021	14,256	3,726	17,982
	6,366	10,999	10,644	74,015	28,010	102,025

COTTON FABRICS

	Oct.	Nov.	Dec.	First nine months	Last three months	Total for entire year
Number of looms (in thousands)	13.0	28.0	28.5	.....	.....	.....
Number of spindles (in thousands)	498.0	1,049.8	1,120.0	.....	.....	.....
Yarn (in thousands of pounds)	4,277	6,167	10,408	23,497	20,862	44,359
Cloth (in millions of yards)...	9.1	14.2	38.5	65.9	61.8	127.
Finished cloth (in millions of yards)	13.7	21.6	32.5	103.1	67.9	171.

WOOLENS

	Oct.	Nov.	Dec.	During first nine months	During last three months	Total for entire year
Number of looms	2,498	3,900	6,320	.....	.....	.....
Number of spindles (in thou- sands)	77.7	119.8	241.3	.....	.....	.....
Yarn (in thousands of pounds)	986.0	1,397	2,315	10,217	4,698	14,915
Finished cloth (in millions of yards)	1.1	1.8	1.8	4.6	11.3	15.9

LINENS

	Oct.	Nov.	Dec.	During first nine months	During last three months	Total for entire year
Number of looms	1,427	3,280	4,208	.....	.....	.....
Number of spindles (in thou- sands)	5.6	120.3	165.3	.....	.....	.....
Yarn (in thousands of pounds)..	868.0	1,764	3,121	12,676	5,735	18,411
Finished linen (in millions of yards)	1.2	2.7	5.0	21.6	9.0	30.6

LEATHER AND SHOES (*in thousands*)

	Oct.	Nov.	Dec.	During first nine months	During last three months	Total for entire year
Large hides	286.3	302.4	293.8	2,281.4	882.5	3,163.9
Small skins	316.4	237.8	294.4	2,295.2	848.6	3,143.8
Boots and Shoes	320.7	362.2	383.3	4,340.9	1,066.2	5,407.1

This slow but steady advance in production in the face of tremendous hardships proves that Russia is coming back economically, that the period of extreme depression

is past. Provided no foreign aggression, of which there is still danger, disturbs this slow progress, Russia can look hopefully to the future. The chances are not for a quick rebuilding of Russian economic life, but the elements for a successful issue are all on hand.

In the first place, internally Russia is at peace; the country has accepted the Soviet régime, its policies are receiving general support, its decrees are universally observed; in a word, there is political stability.

In the second place, the enormous natural resources of Russia guarantee ample supplies of the necessary raw materials. Russia has practically every product, mineral and metal, needed in industry. Russia can secure enough not only for her own needs, but to supply the demands of foreign countries, in greater volume than she has supplied before.

Thirdly, the Russian industrial apparatus is ample and in good shape, fully able to produce the limited quantities of manufactured products which Russian industry supplied before the war. In 1910 there were about 15,000 industrial establishments in Russia, of some importance, employing over two million workmen, with an output of over 3 billion rubles, which increased in 1912 to 6.25 billion rubles (Grinevetzky). From that time till 1916 there was a great expansion in industry; new factories were erected, and a large amount of new equipment installed. In the metal industry alone, the machine-making establishments valued their equipment at 400 million rubles prior to the war, but by 1916 increased it by 350 million, an increase of nearly 100 per cent. In the electrical industry the increase between 1913 and 1916 is 35 per cent, while the chemical industry shows an increase of nearly 50 per cent. Similar developments took place in many other branches of industry. Thus there is enough

industrial equipment in Soviet Russia to meet the essential requirements of the population.

The one very weak point in the Russian economic establishment is the transport system. The railway mileage of the country is notoriously inadequate. According to figures for 1912 there was a total of 68,329 versts (about 46,000 miles) of railroad in European Russia and Siberia. During the war new lines were constructed—nearly 20,000 versts, but chiefly through sparsely populated country, such as the line to Murmansk and the Batum-Trebizond line. The equipment of the railroad system (excluding Finland) consisted in 1912 of 20,000 locomotives, 28,000 passenger and 457,000 freight cars. They carried (in 1911) about 115 million passengers and 16 billion poods (over 260 million tons) of freight. (In the United States 1,800 million tons of freight were carried in 1911 and 2513 million tons in 1918.)

The waterways system of Russia provides additional transport facilities of considerable importance. The total length of navigable waters is about 180,000 miles. Over 50,000,000 tons of freight (timber, etc.) was transported by river and canal. In addition, not a little freight is still transported by horse and camel. This method of transportation is used especially in Asiatic Russia.

TOTAL NUMBER OF RIVER CRAFT*

	Power Boats	Barges	Tonnage
Volga System	958	4,844	6,035,000 tons
Maryinsk System.....	940	5,617	2,020,000 "
Northern System.....	227	403	320,000 "
Dniepr System	178	208	64,000 "
Totals	2,303	11,072	8,439,000 tons

* (*Economic Life*, Feb. 19, 1920.)

Of other items such as babbitt, lead, copper, pipes, tools and instruments, the supply was from two per cent to forty per cent of the demand.

RAILROAD SITUATION IN 1921

(From *Russian Industry* for 1921)

Length of lines operated, in versts—January–June, 1921..... 60,963
—July–September, 1921.... 60,452

Rolling Stock:	Jan.–June, 1921	July–Sept., 1921
Locomotives	7,285	6,985
Locomotives, idle	1,321	1,838
Freight cars	335,973	298,664
Freight cars, idle.....	28,501	46,305
Details of operation:		
Average daily run locomotives	76.5 versts	85.4 versts
Average load locomotive in 1000 pood-versts	850	1014
Average daily run car....	28.7 versts	34.9 versts
Average composition of train in axles*.....	73.6	80.6
Average daily freight load of principal freights ...	12,412 poods	2,682 poods

Also the following tables (from *Economic Life*, 3/24 and 4/14, 1922, Israelson):

	Nov.	Dec.	Jan., 1922
Total locomotives	18,342	18,335	18,262
Total locomotives in bad order	11,436	11,797	11,919
Total locomotives in good condition	6,906	6,538	6,343
of which idle	1,500	1,296	1,061
Total cars	414,478	407,451	403,680
Cars in bad order	124,206	119,915	120,555
Cars in good condition	290,272	287,536	276,684
of which idle	18,716	17,085	13,550
Repaired:			
Locomotives	647	660	467
Cars	8,979	8,766	6,721
Operation:			
Length of lines	61,445	61,411	61,696 versts
Average daily load	10,448	10,317	8,820 poods
Fuel supplied	90.9%	81.1%	.....

* The composition of a Russian freight train is calculated by the number of "axles" as cars are of 4 axles, 6 axles, etc.

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It will be interesting here to show the amount of construction work done in Russia since 1913. The significant fact is that Soviet Russia was able to carry out any sort of construction program in this difficult period.

CONSTRUCTION WORK IN RUSSIA, COST IN GOLD RUBLES AND NUMBER OF WORKMEN EMPLOYED

Kind of Construction	1913		1916		1920		1921		1921-1922 Estimated	
	Expend.	Number Workmen	Expend.	Number Workmen	Expend.	Number Workmen	Expend.	Number Workmen	Expend.	Number Workmen
	Mill.	Thous.	Mill.	Thous.	Mill.	Thous.	Mill.	Thous.	Mill.	Thous.
Railroads	70	26	87	40	1.25	70	0.90	57	...	27.2
Waterways ...	6	6	6.7	14	0.12	4	0.31	13.2	...	16.5
Roads	16	40	60	130	0.92	65	0.75	55.5	...	12.5
Ports	8	9	6	6	0.20	3.6	0.32	2.5	...	3.5
Elevator and refrigeration ..	7	2	3	2.5	0.03	2	0.45	2.2	...	....
Agricultural improvement ..	4	4	2.6	3.5	0.08	7	0.29	7	...	....
Power stations. ..	..	..	..	..	0.36	14	0.99	10.3	...	3
Civil construction	210	350	100	170	0.74	39	7.80	101	...	102.5
Total	321	437	270	366	3.8	204.6	12.21	248.7	110	165

CONSTRUCTION IN 1921

Railways:

Trunk lines	13	length	2,359	versts, completed	1,463	versts or 44%
Fuel lines	121	length	2,149.5	versts, completed	764.2	versts or 40%
Industrial	54	length	862	versts, completed	293.4	versts or 16%

Roads:

Rebuilding of bridges...	9,700	saj., completed to October 1	7,300	80%
Repair of bridges.....	18,828	saj., completed to October 1	20,600	110%
Road work—stone	90,000	sq. saj., completed to October 1	71,000	79%
earth	35,000	cu. saj., completed to October 1	32,000	91%
Current repairs	22,730	versts, completed to October 1	17,900	79%

Ports:

New construction and repair.....	32,765	cu. saj. completed to Sept. 1	50 to 80%
Elevators and refrigeration, employed	2,200	workmen to Sept. 1	completed 50%
Agriculture, irrigation, etc.	2,000	workmen to Sept. 1	completed 30%
Power stations	10,350	workmen to July 1	completed 44%
Civil construction	101,000	workmen to Oct. 1	compl. 60%-80%
Waterways	13,200	workmen to July 1	completed 79%

Russian Industry in 1921 (Report to Ninth Congress of Soviets).

Finally, Russia has a large working population. Of the 130,707,600 inhabitants of Soviet Russia (census

1920) there were 4,411,400 industrial and transport workers. Under the old régime the Russian workers fared badly. Their wages were as low as 60 kopeks (30c.) per day; the better paid workmen receiving up to one and one-half rubles (75c.) per day. In comparison with the better paid workmen of Western Europe or America—whose income was six times as great—the Russian workman was a pauper. Since the Revolution the material condition of the Russian workman has not improved; the value of the government *paiok* (ration) does not reach even the lower figure quoted; at present, when payment in money-signs is largely substituted for payment in kind, the money wages,—2,273,660 rubles for the month of December, 1921 (in Moscow industries) cannot buy as much as the pre-war wages. Sad as these facts may be, the deduction is inevitable: Russia has an unlimited supply of exceedingly cheap labor.

These elements, therefore, abundant natural resources, available industrial equipment and cheap labor, must, with the proper organization, recreate industry to the extent required by the country.

The one element lacking to the completion of this process is—wealth, in the sense of accumulated reserves. In the case of Russia it means bread, almost wholly. Russia, the former granary of Europe, is short of bread. The terrible calamity of the Volga region had forced the Soviet Government to transfer bread intended for the industries to the famine sufferers. Russia must buy bread abroad; she must also buy everything which her own industries cannot supply—agricultural and other machinery, coal, sugar, etc. To be able to make these purchases, Russia, lacking the means at home, must borrow from abroad; she must have credits. True, if forced to it, Russia may decide to throw herself on her own

resources, choosing the slow and painful route of independent rehabilitation to the quicker route by way of foreign help. Foreign capital will quicken the process of reconstruction in Russia, but will profit hugely in return.

Soviet Russia applies to the capitalist countries for a loan; she also urges commercial and diplomatic arrangements with the countries of the world, for she wants to live in peace with them, and trade with them. She is desirous of avoiding military conflict. Already fifteen countries have signed treaties with Russia; the United States is the only country of importance to Russia that is still holding out, probably because the financial interests of the United States do not as yet need Russian trade. That is the cold-blooded calculation of a trader. Yet, Russia's part in the rehabilitation of Europe is so important that it may soon be perceived even in the United States.

The importance of Russia in the rehabilitation of Europe—and of the world—lies in the ability of Russia to supply the world with raw materials, and the world's need for them; and second, in Russia's having the largest potential purchasing market of any country in the world.

If we consider but four items of Russia's wealth,—grain, timber, coal and oil,—we shall be able to form an opinion as to the part Russia must play in world economy.

Grain. The eminent Russian engineer, Krijanovsky, in his "Plan for the Electrification of Russia," writes: "The world's grain production and consumption balance almost without a surplus. . . . In this, the twentieth century, with its enormously increased production resources, a billion human beings have no assurance that they will have bread the next day. Backward, peasant Russia . . . has

been depended upon for 50.6% of the bread required by countries with insufficient bread of their own." Prof. Gogol-Janowsky calculates that the total grain production of the world for the four years preceding the war amounted to 373,425,000 tons per year, while the consumption was 367,855,000 tons, leaving a reserve of 5,570,000 tons. In 1913 Russia, producing 19.5% of the total bread supply, exported over half of the bread needed by countries with insufficient grain production. With so narrow a margin of bread production, the world cannot neglect the Russian resources. Already Mr. Hoover is sounding the alarm of a grain shortage in 1923.

It is true that since the war Russia has not produced sufficient grain to permit exportation. Production dropped from 88,345,000 tons to 54,632,000 tons in 1917; to 39,163,000 tons in 1920, and to 32,292,000 tons in 1921. But the area under cultivation in pre-war Russia was a little less than 300 million acres,* out of a total land area of nearly five and one-half billion acres. Given an opportunity to cultivate this vast estate, by the importation of farm machinery, cattle, fertilizers, seeds, Russia will once again be able to feed half the population of Europe.

Timber. In 1913 it was estimated that Russia had a forest area of 4,650 million acres, or about ten times that of the United States. While the rate of destruction of timber in the United States is more than four times the rate of growth, in Russia the growth exceeds the most extravagant consumption. The workable forests in Soviet Russia exceed 500 million acres. Before the war Russia exported timber to the value of 260,824,000 rubles in one year (1913). The great need of timber in Europe

* Approximately the same area as in the United States.

and the United States arising from the devastation of the war, makes Russian timber resources particularly valuable.

Oil. Of all Russia's natural resources, petroleum is the one now agitating the world. In 1917 the world's known oil resources were as follows: *

BILLIONS OF BARRELS

South America	11.3
United States	7.0
Russia	6.7
Persia and Mesopotamia. .	5.8
Mexico	4.5
East India	3.0
Rumania, Galicia, etc....	1.1
Other countries	7.6

Total known47.0 billion barrels

At the present rate of consumption in the United States, over 500 million barrels per year, the country's known supply will be exhausted within ten or fifteen years. Russia is the source to take its place. In 1913 Russia already exported petroleum products to the value of 50 million rubles, and she is at present selling oil to Turkey, Italy and France. The open scramble for Russian oil at Genoa is indication enough of the anxiety of the Allied governments with regard to additional supplies.

The figures of oil production for 1913 are as follows:

Baku region	469.8	mill. pd.	83.3%
Grozny "	73.7	" "	13.0%
Other regions	19.9	" "	3.7%

Total production563.4 " " or 62,600,000 barrels

In 1916 the total was 67,288,000 barrels. Of this amount the domestic market consumed 45,500,000 barrels and 12,780,000 barrels were used at the wells and re-

* J. E. Pogue, "Economics of Petroleum."

fineries; the export in 1913 amounted to over 5 million barrels of light oils.

Under the new program it is proposed to produce a total of 80 million barrels, at an estimated value of 760 million rubles, as follows:

Old Baku fields.....	34	million	barrels
Soorachani and new fields.....	22	"	"
Grozny old fields	7.5	"	"
Grozny new fields	10	"	"
Emba	4	"	"
Other regions	2.5	"	"
	<hr/>		
	80		

Russia produced prior to the war 17.8% of the world's oil supply, and is second in the world in resources. But the methods employed for obtaining oil were, in the words of Prof. Ramsin, barbarous and wasteful. "The competition among the oil companies was so great, that each tried to beat its neighbor, by hurrying to exploit the richest localities, and very often by flooding the neighbor's field. Many valuable strata were left unexploited, in the rush to obtain gushers."

Thus, like many of Russia's other natural resources, her oil fields still contain unexplored riches, and with the introduction of modern scientific methods of exploitation the production can be greatly increased.

Coal. To a still greater extent is this true of coal. Russia's coal deposits have never been fully exploited nor completely investigated. Those which have been surveyed indicate a coal content second only to the United States. The reserves have been estimated at 66 billion tons for European Russia, and 192 billion tons for Siberia. In the Donetz basin there are three times the reserves of anthracite of Great Britain and nearly twice those of the United States (Russian Almanac). There are no esti-

mates of Russia's vast coal reserves, however, which are even approximately correct.

About three-fourths of all the coal mined in Russia is obtained in the Donetz basin. The proportions in 1913 were as follows:

Donetz Basin	25,175,000	long tons
Dombrovo Basin (Poland) .	6,876,000	" "
Moscow Region	275,000	" "
Ural	1,116,000	" "
Caucasus	70,000	" "
Asiatic Russia	2,358,000	" "
		<hr/>
		35,870,000 long tons

In the same year Russia imported 8.4 million tons of coal.

Compared with other countries, Russia is sixth on the list in its coal production:

United States in 1913....	504	million tons
Great Britain	287	" "
Germany	275	" "
Austria	52.4	" "
France	40	" "

The Siberian coal deposits are found along the entire length of the Siberian Railroad. The known fields, opened some ten years ago, and worked to a small extent now are the Angerka and Sudjenka mines, the extremely rich deposits of the Kuznetsk basin and the equally rich Cheremchovo mines; there is coal also in the Maritime province (Suchanski mines), in the Altai mountains and on Sakhalin.

In the program proposed by *Goelro* (State Electrical Commission) the production of coal in the next years is placed at 40 to 50 million tons (of which 12 to 15 million tons anthracite) and principally from the Donetz region,

not counting Siberia. This will provide sufficient coal for Russian industry and will relieve the European or American coal industries from the burden of supplying the Russian market.

Among other Russian resources, it is necessary to mention:

Aluminum	Gems and precious stones	Nickel
Antimony	Gold	Peat
Asbestos	Graphite	Phosphates
Asphalt	Hemp	Platinum
Beeswax	Iron	Salt
Bismuth	Iridium (Osmium)	Silk
Bristles	Lead	Silver
Cobalt	Leather	Talc
Copper	Magnesite	Tobacco
Cotton	Manganese Ore	Tungsten
Fish	Medical Plants and Roots	Vegetable Oils
Flax	Mercury	Wool
Furs	Mica	Zinc

Asbestos. Large deposits in the Urals, at Alapaievsk, Bajenovo, etc. Quality of fiber superior to Canadian. In 1913 there was exported about 2500 tons, while the production in 1910 was 12,500 tons, in 1911, 16,000 tons.

Bristles. First country in the world for quantity produced and quality. Russian bristles make finest brushes. Production 1913, 4,315,797 lbs.

Copper. Copper ore is obtained very largely in the Ural mountains. In 1913 this locality yielded 682,000 tons of copper ore out of the total of 1,137,000 tons for the Empire. Caucasus is another locality yielding considerable amounts of copper ore, the yield in 1913 being 371,000 tons. Copper ore is also found in Finland, in the Altai Mountains and in other localities.

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COPPER USED IN RUSSIA

		Domestic	Imported
1911	30,650 tons	74.9%	25.1%
1912	37,280 "	81.4%	18.6%

Cotton. Russia imported about half the cotton she used—about 450 million pounds in 1913. Under favorable conditions, providing needed irrigation, Russia will become second to the United States in raising cotton.

	Area Under Cultivation	Production
1910	1,200,000 acres	993,240,000 pounds
1911	1,070,000 "	747,648,000 "
1912	1,323,000 "	952,884,000 "

Fish. One of Russia's large export items. Catch valued at 352 million rubles in 1910. At Astrakhan alone (on the Caspian) the catch in the spring of 1922 was 166,000 tons.

Flax. The celebrated Irish linen industry, also German, Belgian, etc., depend on Russia for their raw material. Annual export about 100 million rubles before the war. The production, etc., was as follows:

	Area Under Cultivation	Seed Produced	Fiber Produced
1910....	3,564,000 acres	505,000 tons	470,000 tons
1911....	3,831,000 "	560,000 "	500,000 "
1912....	3,847,000 "	612,000 "	754,000 "

Furs. Russian furs are known all over the world. The exports for the four years 1909 to 1913 averaged 16.6 million rubles annually.

Gems and Precious Stones. The Ural region is rich in emeralds, alexandrites, tourmalines, beryls, jasper, chalcedony, malachite, etc. The imperial cutting factories at Ekaterinburg produced some of the most beautiful works of art out of the native Ural stones.

Gold. Russia occupies the fourth place in the world's gold production. The Lena, Amur and Ural regions are the chief producers. Enormous deposits but little investigated exist in various parts of Asiatic Russia — in Altai, Minusinsk and Yenissei districts, in the Maritime Province, etc.

	Production
1910	2,241,645 troy ounces
1911	2,067,968 " "
1912	2,059,313 " "

Hemp. Russia produces more than half of the world's output of hemp.

	Area Under Cultivation	Seed Produced	Fiber Produced
1910	1,806,000 acres	433,000 tons	296,000 tons
1911	1,714,000 "	360,000 "	266,000 "
1912	1,682,000 "	410,000 "	394,000 "

Lead. The most important lead mines are in the Caucasus. The production in 1913 there amounted to 25,000 tons of ore which yielded about 1,450 tons of the metal. There are still undeveloped deposits of lead and silver in many places in Siberia, the Altai regions, Irkutsk province, etc.

Leather. Russia exported quantities of cowhides, calfskins, goatskins before the war. In 1914 the exports amounted to 46,674,000 pounds of cowhides.

Manganese Ore. The Chiatouri deposits in the Caucasus are the most important in the world. The production and export of manganese ore were as follows:

	Mined	Exported
1911	700,000 tons	600,000 tons
1912	806,000 "	984,000 "
1913 .....	.....	1,160,000 "

Mica. Russia is the oldest producer of mica in the

world. Large deposits are found in the north of Russia around Archangel, also in numerous localities in Siberia.

Peat. Russian resources of peat are inexhaustible. In twenty-four districts of European Russia there are surveyed 450 million acres of peat bogs. It is stated that the natural increase of peat deposits is greater than any possible consumption can be in years to come. The Russian resources are larger than those of all the rest of Europe put together.

Platinum. Russia produced prior to the war, ninety-five per cent of the world's platinum. In the Urals the platinum bearing area covers a district some two hundred miles long by sixty miles wide. The production was:

1910	.....	193,300	troy ounces
1911	.....	203,100	" "
1912	.....	194,450	" "
1913	.....	172,520	" "
1914	.....	172,000	" "

Silver. Mined principally in the Altai district in Siberia (north of Semipalatinsk) also in the Caucasus and Urals. Russia consumed 360,000 pounds of silver annually, hence nearly 90 per cent was imported.

Production			
1910	.....	522,200	troy ounces
1911	.....	546,400	" "
1912	.....	784,150	" "
1913	.....	424,675	" "

Tobacco. The best tobacco (Turkish) is grown in the Caucasus, while so-called American tobacco is grown in the Ukraine and Crimea. Russia exported considerable quantities of leaf tobacco, cigars and cigarettes.

Area Under Cultivation		Production
1914	.....184,500 acres	243,000,000 pounds

Iron Ore is found in many parts of Russia, although it is mined in but few localities. In the Ural range there are whole mountains of rich ore, containing from fifty to seventy per cent of iron. Among these ore mountains are Blagodats, Magnitnaya and Vysokaya. Despite its apparent accessibility, iron ore in this vicinity is not mined very extensively. The Ural deposits yielded in 1913, 1,832,000 tons of iron ore, out of the total 9,692,300 tons for the whole of Russia.

In the southern part of Russia vast deposits of iron ore are found in the Donetz basin and in the Krivoy Rog region, in the governments of Kherson and Ekaterinoslav. The yield of this region in 1913 was 7,001,000 tons, i.e., almost three-fourths of Russia's total output.

Iron ore is also found in Central Russia and in Poland, but it is not rich in iron and difficult to work. The yield is not great, being, in 1913, 533,000 tons and 333,000 tons, respectively.

In the northern part of Russia, particularly in Finland and the government of Olonetz, iron is found in the form of marsh and lake ore, lying on the bottom of lakes and in bogs, in layers often reaching several feet in thickness. The yield here amounted, in 1913, to only 3,350 tons.

Finally, there are deposits of iron ore in the Caucasus and in Siberia. In both of these regions there is still need of extensive investigation. There seems to be very little doubt that enormously rich iron ore deposits are awaiting discovery in Siberia, that treasure-house of natural wealth, which is just beginning to be opened up to the world.

In a recent article on the utilization of Russia's chemical wealth, Professor Vernadsky states that of sixty-one chemical elements utilized by man, thirty-one have already been found in Russia, existing in combinations that

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permit of their extraction. These are the most important of the chemical compounds economically useful to mankind. It is more than probable that all the others, or at least most of them, can also be found in Russia, and the problem is to discover their deposits and utilize them.

In the tables * above I have enumerated only a few of the items of importance in world commerce. I do not pretend to give a complete list of Russian resources, nor an exhaustive statistical study. There are a number of good reference works on the subject—the Annual Statistical Reviews for example, to which the reader may refer for more complete data. What I aim to show here is Russia's importance as a source of raw materials and foodstuffs needed in world economy; the brief references above, I believe, make the point clear.

Evidently Russia has not these materials in reserve; this is the objection commonly used by the opponents of trade with Soviet Russia in order to prove that Russia has nothing, and therefore cannot be traded with. Mr. Hoover, for example, in a statement dated June 12, 1922, says:

"The trade of Russia to-day consists of importing goods and paying out gold from the old imperial reserve. She cannot pay for commodities by commodities. . . . There is little prospect that Russia will have any more to export in 1922 than in 1921. Meantime, the gold reserve is approaching exhaustion."

A statement like this implies that the Russian exhaustion is permanent, whereas it is, in fact, only a temporary

* Quoted from: Russian Industries—S. C. N. E., Moscow, 1922.
Monthly Reports of S. C. N. E.
Russian Information and Review, London.
Statistical Annual, Petrograd, 1914.
Economic Russia, Pasvolisky.
Russia Economical Past and Future, Goldstein.
Russian Almanac, Peacock.

condition. It is true that fresh capital must be introduced in Russian industry in order to raise production to a level permitting of exports. The amount needed is variously estimated, but given the required support Russia will be able to furnish grain, flax, timber, oil, precious metals, furs, etc., to the world markets.

If we consult Krijanovsky, we will find that he estimates the needs of Russian industry at 17.2 billion rubles for a ten-year program. He calculates the cost as follows:

Electrification of Russia (establishment of 30 power stations, capacity 1,500,000 K.W.)	1.2 bill. rubles
Increase of manufacturing industry by 80%	5.0
Increase of raw material production by 80-100%	3.0
Rehabilitation and increase of transport	8.0
Total	17.2 bill. rubles

With equipment improved to the proposed capacity, Russia will be able to increase pre-war production by eighty per cent which, with an annual import of machinery and manufactured products amounting to 800 million rubles will permit Russia to export foodstuffs, timber, oil, etc., to the value of 1,800 million rubles. Hence, according to Krijanovsky, there will be a favorable balance of trade amounting to a billion a year—enough to pay back the loan with interest. The figure of 800 million rubles imports annually for the next ten years, is probably too low. With rapidly expanding industry, as is to be expected, the imports may even exceed the exports—as the case was with the United States prior to the war. In the years 1904 to 1914 the United States imported from 5.4 per cent to 43.8 per cent more than she exported. Russia will probably duplicate this experience. And this makes the Russian market of great significance to the industrial countries of Europe and America.

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Before the war, Russian imports amounted to over one billion rubles yearly, in accordance with the table (averages 1909-1913):

Great Britain	150.4	million rubles	
Germany	497.11	"	"
United States	80.3	"	"
All others	509.1	"	"
<hr/>			
Total average	1,136.9	"	"
Which consisted of			
Machinery and metals	135.6	"	"
Manufacturers	279.5	"	"
Raw and partly manufactured..	281.5	"	"
Foodstuffs	281.2	"	"

What the imports may be, as soon as Russia can establish credits abroad, can only be guessed at. The pertinent question—how will Russia pay for these imports—can be answered: by exports of raw materials, and by proceeds from foreign loans secured by concessions. As stated above, Krijanovsky estimates the exports to reach the sum of 1800 million rubles per year. This is by no means an exaggerated figure, since the value of Russian exports before the war was 1,504,400,000 rubles.

Average 1909-1913	
To Great Britain.	307.4
Germany	435.1
United States.	13.3
All others ...	748.6
<hr/>	
1,504.4 million rubles	

Of this, the value of grain and foodstuffs exported during 1909-1913 was 893,000,000 rubles, raw and partly manufactured materials 544,000,000 rubles.

It would take probably two years before Russia could export on a large scale. Should the excess of exports over imports reach 1,000 million rubles a year, as Krijanovsky estimates, this would represent interest at eight per cent

on loans to the amount of 12,000 million rubles, whereas the income derived from concessions could be applied in part to the payment of interest on the old Russian debts.

In the matter of concessions, it is stated that the Russian delegation to Genoa had a long list of them, including gold, iron, asbestos, timber, etc. In the oil region some thirty separate concessions, both in production and refining, are mentioned. Many manufacturing concessions are offered, with facilities to produce for the domestic as well as foreign markets.

It is to be hoped that negotiations with foreign powers, once begun at Genoa, and continued at The Hague, will result in international understanding and good will. But no matter to what extent and how soon the allied statesmen will accord such result, Soviet Russia will find her way out of the present difficulties; the improving industrial conditions indicate it, and so does the promise of a good harvest.

The leaders in Soviet Russia do not underestimate the difficulties facing them, but they have faith in the New Order in Russia, in the moral and material strength of Russia, in their ability to guide and foster economic prosperity. Says P. Bogdanov, the Chairman of the Supreme Council of National Economy, in his report on *Russian Industry in 1921*, to the Ninth Congress of Soviets (Dec., 1921):

"The collective operation of enterprises is increasing production every month. The provincial Soviets of national economy furnish figures indicating that many provinces are increasing production to full capacity without asking of the center any material or money beyond mineral fuel and monopolized raw material. Not only do they meet the requirements of the provinces, but they even have a surplus for exchange.

The results are very satisfactory and we do not doubt that they will be even better in the future.

"In the sphere of general political economy, in addition to the decrees already issued for the organization of industry, the government should bend every effort to improve the financial position of the Republic and strengthen its currency. To this end it must improve its policy of taxation and procure foreign loans.

"In addition to the general economic measures aimed at a revival of production in the Republic, material aid must be given the factories and mills. The first necessity is fuel. The outlook for 1922 points to increased production over 1921. The Don basin, even should it not surpass the November figures, and even allowing for the coal needed to operate the mines, will give us twice as much coal as in 1921. In other coal regions the output of recent months and the generally stable conditions point to a production at least as great as in 1921.

"We do not doubt that all government organizations will be strong enough to overcome every difficulty arising from lack of material and money, and produce the first results of the industrial revival."

Krijanovsky, in his stupendous work on the Electrification of Russia, points out again and again the difficulties of the period of transition from the anarcho-capitalist stage of humanity's growth, to the next step, Communist society:

"We now see clearly that to permit man to develop his individuality fully and to pass actually from the state of necessity to the state of freedom, it is necessary to accomplish beforehand a tremendous amount of common labor: the care for elementary human requirements, shelter, food, clothing, means of transport and communication with others, must not remain the burden which at the present time is oppressing the workers of the world.

"We must realize that to liquidate the inheritance of six years of war and to reconstruct all of our national economy on an entirely new basis will take time. The struggle on the economic front presents greater difficulties than the struggle on the military front and we must become reconciled to this thought."

And further:

"Thanks to the peculiar historical situation, at the price of untold sacrifices and hardships, by the heroic struggle of the advanced proletariat and peasantry, through the farsightedness and clear thinking of our proletarian leaders, we have secured the possibility of passing from Socialist theory to Socialist practice. 'Noblesse Oblige.'

"The great sacrifices, made on the road just passed, demand of us the greatest caution. We are working not only for ourselves and for our contemporaries, or more correctly not so much for them as for the workers of the world and for their future."

Also, the report to the Congress of the Russian Communist Party, in March, 1922, concludes:

"The revival of Russian industry is fully possible. We possess all the necessary elements for this, in the shape of unlimited natural resources, a domestic market of great volume, and valuable export materials. With well directed careful utilization of the resources and the harmonious combination of industry, transport and agriculture, Russian industry will prove capable of sustaining all obligations and will overcome the crisis from which it has been suffering for the past several years."

CHAPTER XII

THE SIGNIFICANCE OF THE RUSSIAN REVOLUTION

WHAT I attempted to describe in the foregoing chapters is but a moment in the course of the Great Russian Revolution. It was my fortune to be in Russia at a period when one cycle of the revolution was completed and another had begun its turn. The period of revolutionary destruction came to an end with the defeat of Wrangel in November, 1920; and the period of economic reconstruction sets in with the introduction of the new economic policy in March, 1921.

The Russian Revolution will go down in history as the most profound and far-reaching social upheaval since the fall of the Roman Empire, and it claimed a surprisingly small number of victims for so widespread and serious a struggle. The struggles in England in the seventeenth century and in France at the end of the eighteenth century produced, in proportion, more bloodshed than the struggle in Russia in 1917. We are much too close to the event and too prejudiced to view it without bias. Thus the bloodiest tales are told of the revolution, and the number of victims reckoned in colossal figures by avowed enemies of Soviet Russia. But when passions have cooled, and statisticians compile tables and comparisons, the wild tales of slaughter and destruction of the revolutionary period will prove to have been unfounded. Of the two outstanding events of the last decade, the World War and the Russian Revolution—the one cost ten million lives, untold treasure, and left

ruin and despair in its wake; in the ledger of history it will be marked as a tremendous loss. While the Russian Revolution, which also cost some lives and treasure but insignificant in comparison with the war, will be marked as a distinct social gain. "Squalor there may be, and poverty," says Brailsford, "and yet I think that this Revolution will live to vindicate itself in history as the greatest effort of the constructive human will since the French made an end of feudalism."

No one denies that the Revolution brought about hardships and sufferings to the Russian people, and particularly to the aristocracy of the old régime, the bourgeoisie and intelligentsia. As to the aristocrats and the bourgeoisie,—the revolution was made against them, and they paid the price of their rulership; the intelligentsia in so far as it went with the bourgeoisie also had to pay the price. The workmen and peasants in whose behalf the revolution took place, and who actually made it, cannot be said to have as yet profited by it materially. Yet this statement needs elucidation.

Firstly, the Revolution is not over; only, as I said, its first cycle, the destructive phase, is over. Hence it is too early to call for the fruits of the revolution; they have not yet appeared, and very likely it will take a generation before they will appear. By this I mean material fruits, in the shape of good food, good clothing, good housing. Of spiritual fruits—much has appeared already. Through the screen of passion, individual suffering and hardship, general disorganization and dislocation of life, signs are already visible of the solid gains of the revolution: *the destruction of the fetishes of the divine right of birth and of wealth*. In one brief space of a couple of years, the ignorance and dejection of centuries have been swept away, together with the institu-

tions resting on them, and a new spirit has been bred in millions of former subjects: the spirit of "no master, no slave."

And there is the substantial gain obtained by the peasants, who compose the vast majority of the Russian population. Outside the famine stricken areas, the peasants do live better to-day than under the tsars. The peasants' portion then was bread with onions and *kvass* (a drink made of stale bread), frequently insufficient bread; corporal punishment, subjection and ignorance. To-day the peasant turns over to the government part of his produce as tax, and retains the balance for his own use which he is free to consume or to sell; the peasant has milk and butter on his table, eggs and not infrequently, meat—luxuries of former years. These additions to his table, as well as the things he gets in town in exchange for his products, are tangible things, even more so than the additional land he has received, or the schools and clubs in the villages. And no matter how much he may complain about hardships, he realizes that under the Soviet Government he has obtained material benefits, that the Soviet Government is his government.

This fact is the more tangible and self-evident, since the government is actually made up of his own people. In the village, in the small town or in the capital peasants and workmen *are the government*. It is no longer the duke or the prince or the colonel or the rich merchant who occupy the seats of the government, before whose august presence the peasant used to tremble. It is Ivanov or Kondratiev—his neighbor, his fellow peasant or the workman from the factory, who now administer affairs. To Ivanov or Kondratiev the peasant can talk in his own language.

And this is the strength of the Soviet Government.

The government is the people. True, the men occupying the highest positions in the Soviet Government, the Lenins, Trozskys and Chicherins are not peasants or workmen. Yet the president of the Republic, Kalinin, is a peasant. The head of the Siberian Government—Smirnov—was a textile worker. A number of the People's Commissars are former factory workers or peasants. The whole woof and warp of the fabric of the Soviet Government is made of peasants and workmen. If the Soviet Government is a dictatorship, it is certainly a dictatorship of the people themselves.

Hence it is idle to talk of the fall of the Soviet Government; an attack on the government cannot come from within, since ninety-seven per cent of the population—the peasants and workmen—participate directly in the government and have their views and aspirations expressed by the government. There are temporary disagreements, local discontent, clashes of views, dissatisfaction with individual commissars, but all within the framework of the Soviet Government. On the other hand, aggression from the outside only tends to consolidate the Soviet power, and will do so in the future, for the simple reason that no aggressor—domestic or foreign—can bring the working class or the peasants more food or housing or educational facilities than the Soviet Government does.

If greater well-being is not being realized to-day it is due entirely to the almost complete exhaustion of available resources, of material reserves. The country is bare of visible wealth; there are no accumulated stocks of merchandise or foodstuffs. Soviet Russia is experiencing not only a food famine, but a fuel famine, a cloth famine, an iron famine, a glass famine, a medicine famine, and so on.

The danger to the Soviet State is from one source

only—from its poverty. Russia potentially is the richest country in the world; but at this moment, in the immediate present, it is among the poorest. Therein lies the danger; on how soon and to what extent this situation will be overcome depends the future of revolutionary Russia.

In capitalist countries poverty, lying at the basis of the system of exploitation, is universally encouraged: "The poor ye shall always have with you." Capitalist countries cannot permit the extinction of poverty, for that can come only through the extinction of exploitation, in other words, the extinction of capitalism. The great masses in capitalist countries must remain poor till capitalism is abolished.

In Soviet Russia, however, the very existence of the State depends on the common well-being. Therefore the removal of poverty becomes the policy of the State. Thus the new economic policy of Russia works to stamp out poverty; the Soviet Government, through this method, attacks existing poverty along the following three main directions:

1. Improvement of agriculture,
2. Industrial rehabilitation and development,
3. Participation of foreign capital—foreign loans and concessions.

The crux of the Russian situation is in the prosperity of the peasants. With eighty-three per cent of the population living on the land—tilling the soil or pursuing occupations in connection therewith—Russia's first problem is the welfare of the peasants, and the development of the exchange of products between city and country. The first concern of the peasant: more land—has been fulfilled by the Revolution. The next thing is to bring agriculture to a higher level of productivity.

Although Russia has always been a grain exporting country, her agriculture is most primitive. The average production per acre in Russia before the war was scarcely more than a third of that in other European countries. Russia exported grain not because the peasants had a surplus over their needs, but because the tsarist government forced them to sell even at the cost of going hungry, in order to meet imposts and taxes: hence, the Russian peasant consumed less than other Europeans, and in many sections of Russia was chronically undernourished. The annexed table shows the wide difference of food available and consumed in Russia and elsewhere:

AVAILABLE FOODSTUFFS PER PERSON

	Russia	U. S.	Germany
Cereals	792	1965.6	554 lbs.
Potatoes	327	180	1440 lbs.
From Russian <i>Statistical Review</i> for 1917 (quoted by Krijanovsky).			

AVERAGE YEARLY CONSUMPTION PER ADULT *
Russia

(In Pounds.)	1910	1912	U. S.	Great Britain
Meat (fish, eggs)	48.6	49.5	230.7	178
Milk .....	...	...	178	180
Cereals (bread, flour)	544	610	258.6	403
Potatoes (also veg. and fruits)	440	430	219.6	676
Sugar	15.3	16.2	70.8	26
Fats .....	...	...	55.4	16.3
Jam (molasses) .....	...	...	11.	52
Tea	0.9	0.84	2.4	...
Coffee	0.15	0.14	13.4	...
Salt	28.13	27	...	...
Tobacco	1.1	...	...	...

Note the small amount of meat and sugar consumed by the average Russian and the complete absence of fats or milk; the small quantities of these which may be consumed are probably included in the figure for meat.

* Russia—Statistical Annual, Petrograd, 1914.

U. S.—18th Annual Report Commissioner of Labor, 1903.

Great Britain—Ministry of Food, 1918.

In accordance with the new economic policy the peasant is taxed only a small part of his product, the remainder being left to him for his own consumption, and for sale or exchange against articles he may need. He is encouraged to join producers' or consumers' coöperatives, which are now taking an important part in the peasants' economy. He is taught to employ modern agricultural methods: extensive use of machines on the farm, fertilizers, abandonment of the old method of small fields, and the three field system, which makes a third of the land unproductive. By word of mouth, or pamphlet or poster, the peasant is taught new methods of animal husbandry, personal hygiene, the advantages of education and industry. The introduction of electricity in the villages and of labor-saving machinery on the farms is a vital part of the government's program.

Thus the organization of the village economy leads to industrial development. The products of the village must feed the industrial worker, who in turn will give the peasant the products of industry: farm tools, textiles, books, transport and electricity. But in the organization of industry the Soviet Government faces a tremendous task. In the first place, it inherited from the old régime a country whose productive forces were completely disrupted; the strain of war had disorganized many industries, and wrecked the transportation system. In the second place, the Russian industrial apparatus was poorly developed at best, inadequate to the needs of a great country, badly balanced, depending for most essential parts on foreign countries. Thirdly, many of the Russian industries depended on foreign technicians: German, Belgians, English; they left Russia in the course of the war and revolution.

In connection with this inheritance of ruin to which

the Soviet Government fell heir, Mr. Walter Duranty, an able European correspondent of the *New York Times*, writes from Moscow July 7, 1922: "The breakdown of Russian industry during the revolutionary period was no less due to its inherent weakness than to Communist theories. So great an authority as Mr. Hoover has ascribed the breakdown wholly to the latter, but the truth is, the overthrow of the tsar and the establishment of the Kerensky régime kicked from under Russian industry the props which maintained it. The moment subsidies were withdrawn or diminished and the stimulus of the war demand decreased the factories began to slow down. These are historical facts to which Russian industrials bear witness."

This shattered industrial apparatus having come into the possession of the Bolsheviks, and being further subjected to four years of revolutionary struggle, it is amazing that there is anything left of it at all. It is a curious historical fact that the workers' control and nationalization of industries introduced some eight months after the Bolsheviks took power, succeeded in preserving the industrial apparatus, instead of ruining it, as was predicted and is still being maintained by Russia's enemies. On the contrary, allowing for the seven years of war and civil war and blockade, for natural deterioration and wear and tear, for the wastage of parts which formerly came from abroad, the industrial apparatus is in good shape. It could to-day, I am quite certain, supply Russia's needs at the pre-war volume, on condition of introducing at comparatively small cost, needed repairs.

The reasons why Russian industry has fallen to so low a state are many; some are obvious, others are so far hidden that even some of the Soviet leaders do not realize them. With all their wonderful insight and sure intuition

they fail, it would seem, to give due consideration to these hidden causes. I shall return to this later. As to the obvious reasons, the principal one is Russia's almost complete lack of capital; in other words, complete exhaustion of accumulated reserves, or stores of food and industrial products,—the complete lack of liquid wealth. The bourgeoisie, who had saved some of their wealth from the ravages of the revolution in the shape of fine clothes, gold and diamonds, or foreign bank notes, have used these since the November revolution for the purchase of necessities. Much of the fine raiment and precious jewels of the old aristocracy found its way into humble peasant homes, in exchange for food. Other forms of liquid wealth represented by stocks of food-stuffs and raw and finished merchandise were used up in the course of the fierce struggles of the civil war and foreign aggression. During this period, in order to sustain the army and industries supporting the army, the Soviet Government collected from the peasants the needed supplies, with the result that the peasants' surplus was also wiped out. Similarly stocks of merchandise that existed up to 1918 were used up, or dissipated, and have not been replenished.

Under the stress of foreign aggression, blockade, and civil war, the industrial fabric received scant attention. With the defeat of the last enemy at the end of 1920, and the slow return of peaceful psychology, this total breakdown of the economic life of the country became apparent. It was brought to the attention of the government with a bang by the peasant riots in Tambov and elsewhere and with greater force by the Kronstadt affair. The economic breakdown threatened to submerge the government, but the Communists grasped the facts and countered by the introduction of the New Economic Policy.

Free trade was permitted to the peasants and industry was allowed to go ahead and organize itself. It was ordered to find its supplies wherever it could in return for the products manufactured. At first it was permitted to use 5 to 10 per cent, or smaller fraction, of the product for direct exchange with the peasant, then a great many of the industrial enterprises were told to supply themselves completely. The government decided to take its hands off industry, retaining only the most vital in direct control; this process of "unbinding" industry is still going on and it is estimated that by May, 1922, only a very limited number of industries with a number of workers not to exceed 500,000 will remain in the hands of the government.

The process of liberating industry, begun in the summer of 1921, has succeeded so far only in a limited way. Small industries, home craft, retail shops have been started and speculation is rife. But the large industries still suffer, as the production figures at the end of 1921 show, and very naturally: no fresh capital has been introduced into them.

Herein lies the urgency of the Russian demand for capital. This is the third direction indicated by the New Economic Policy, namely—the securing of capital from abroad by means of loans and concessions. Russia must obtain a reserve fund, to cover the needs of the reconstruction period. Krijanovsky calculates it at 17.2 billion gold rubles for a period of ten years; other experts may do with less, but even 17.2 billion rubles is not a large amount in world finance, considering that the United States exports in one year reach this figure.

Now, as to the less obvious causes of the collapse of Russian economic life—these are to be found in the very

nature of the revolution and in the peculiar Russian conditions.

The revolution of November, 1917, was a fundamental one. It set out to destroy class domination; and it did. It destroyed the power of the nobility, the bourgeoisie, the dominant clergy. It transferred the power to the laboring masses—the workers and peasants—as it set out to do. The workers obtained power over the factories, mines and mills, the peasants—over the land; they became literally the owners of the establishments wherein they served and slaved before. History will record after a time, when emotions no longer color facts, the remarkable restraint of the new owners, the remarkably small number of excesses in proportion to the enormous size and population of the country. The masses might have been much harsher in their treatment of the dethroned rulers, might have squared more grudges against their former oppressors, might have shed more blood. They desisted, thanks to the wave of revolutionary altruism that imbued them and thanks also to the severe discipline of the Bolshevik leaders.

In their attempt to operate the industries thus taken over, the new owners came up against the hostility, secret or open, of the professional men, engineers, technicians—the class of former white collar employees—whom the workers regarded with distrust, and occasionally mistreated. Left without technical direction, in charge of inexperienced men, in the midst of revolutionary turmoil, industry suffered. The workmen-owners, overzealous on the one hand, inexpert on the other, very naturally mismanaged the establishments in their control. Frequently one factory would appropriate food, fuel or raw materials addressed to another; or would hold cars and locomotives without regard to the needs of others; in

some cases raw materials or even parts of machinery were disposed of to meet an emergency, with no regard for the need of the plant later on.

Another evil, and probably a much greater one, was the attempt to manage industry from a speaker's rostrum or a student's chair. Plans were drawn up in profusion; economists established ratios, drew diagrams, figured past and future performances—at a distance from the actual situation. Commissions established bread rations for the population—so much bread to this category, so much to that. But for his pound of bread a person was obliged to stand hours in line in all sorts of weather, losing in time and fatigue as much as the bread was worth. Other commissions travelled up and down the country, on investigating and planning tours, giving and counter-manding orders; all at a terrific cost of available supplies and endless perturbations.

Then there is the Russian's disposition to deal with things "in general"—to overlook the immediate, the little details; thus while factories stopped for lack of bread, and locomotives broke down for lack of repair parts, huge sums were spent on vast projects—the survey of new railway lines, expeditions of exploration, electrified transport, monorail, electric plow, etc. The ambitious plan of electrification of Russia in ten years—an admirable and desirable project, an astounding piece of constructive vision, is nevertheless far from Russian reality. The idea of vast undertakings is very appealing; in the meantime the satisfaction of immediate needs is lost sight of.

Lenin, very correctly, insists all along that Russian economy depends on exchange between peasant and workman, between country and city. Very little, however, was done in practice to establish this exchange; industry was

not set to produce the things the peasant requires: plows, spades, nails, wire, window glass, kitchen utensils, etc. The simplest things, easy of production and forming an immediate exchange value, were quite neglected, in spite of the great need of them.

This was due, of course, to the general dislocation of industry; but also to a certain psychological attitude, peculiarly Russian, and a product of the revolution.

In the first place, to suffer hardships is not new to the Russian; he is accustomed to do without much that the Western European or American would consider essential; he is accustomed to stand around waiting, to be crowded and shoved about. The revolution could not remove these conditions at once; and to the mind of the leaders the immediate removal of these conditions was not as important, as large-scale planning, for example; the purchase of machinery and locomotives abroad to rebuild "heavy industry" and transport seemed more important than the purchase of lacking articles of daily use, foodstuffs and clothing.

In the second place, Russians are more international-minded than any other people. Russia is regarded as a part of the world structure; the slogan "Russia for Russians" is inconceivable in Russia; it would be considered there selfish, mean, unjust to others. Thus the revolution was not a Russian affair, it was not carried out for the benefit of Russia alone, but for the benefit of the world; besides, its character of a social revolution precluded it from being national. The Russian leaders looked abroad, to Western Europe, to carry on the revolution begun in Russia—so purely Russian affairs were frequently slighted. In the words of Krijanovsky: "We are working not only for ourselves and for our contempo-

ries, or more correctly not so much for them, as for the workers of the world and for their future."

The four years of civil war, blockade, foreign aggression, counter-revolutionary plots made of Soviet Russia an armed camp, with all the attending evils: suspicion, distrust, spying, severe penalties for small offenses, disregard of human life. Out of these struggles was created a huge army together with an extensive military establishment. Also, a bureaucracy had grown up in four years; nearly two million persons were employed in government offices. A great number of these employees came from the bourgeoisie: clerks, salesmen, merchants became Soviet office holders, even joined the Communist Party, but for the most part remained completely out of sympathy with the aims of the government and obstructed progress wherever they could. They created a "paper kingdom," writing and copying endless documents, circulating them back and forth through many departments, to disappear finally in some dusty archive. Fortunately this evil has been practically removed, through retrenchments in nearly all departments of the government.

Such shortcomings of the Soviet Administration can be cited *ad libitum*. The Russian press is full of discussions and criticism of existing conditions. One can easily pick out article after article from *Economicheskaya Zhizn* (*Economic Life*, a Moscow daily) to prove the most violent charges against the Soviet Administration. It is laughable therefore to read in the press of Europe or America articles "exposing" the Soviet Government, made to appear as coming from secret sources or based on information obtained at great personal risk. Especially when attacks come from former Socialists or professed revolutionists, they simply disclose a personal grudge, or a pitiful lack of consistency. Any one who wishes may

"expose" the Soviet Government by merely quoting from its own papers and its own spokesmen.

Criticism of the Soviet Government or the Russian Communist Party, on the part of former Socialists, or self-styled radicals, seems the more ungrateful, as the Communists realized exactly what these professed Socialists were always preaching—the Social Revolution. And because these timid comfort-loving persons have not the courage to admit that the Russian Revolution is the child of Socialist agitation and teaching since the Communist Manifesto or Marx and Engels, they attempt to misrepresent and to discredit it.

Those who condemn the Soviet Government for the disorganization of industry or the hardships suffered by the people fail to grasp the depth and significance of the Russian Revolution. They do not see, or do not wish to see, that the revolution has in a short space of time awakened scores of millions of people to the realization of their manhood, their equality with their fellows, their chance of development. The idea of mastery—of tsar, pope or capitalist—has been completely uprooted by the Revolution; no self-imposed master can forever again rule in Russia.

Viewing these results—so inadequately stated—and comparing the cost of them with the cost of our "blessings" in capitalist states—the cost of child labor, the cost of unemployment, the cost of disease acquired under conditions of modern industry, and finally the cost of war, who will dare say that the cost of the Russian Revolution was excessive? The war alone—always a consequence of capitalist competition—caused incomparably more death and ruin than the Revolution. And what is the gain achieved? Hopeless despair for millions of Europeans for years to come. What is the gain of the Revolu-

tion? Freedom and opportunity for millions of former slaves.

The realization of material improvement in Soviet Russia may take some years. Russia will no doubt be accepted in the family of nations on equal rights; the Genoa conference was a preliminary meeting ground for the two sides to present their cases. Russia succeeded in making it clear to the world, through the Genoa conference, that she is and will remain a proletarian state, that she has achieved a revolution and will preserve its fruits; that she is prepared, as such, to live in peace and commercial intercourse with the rest of the world.

Russia undeniably needs foreign assistance for her economic reconstruction. But she is also proceeding with courage and determination to the task of rebuilding the country from the inside. Her line of progress may be deflected; there may be false steps, over-ambitious attempts, crude beginnings. But let alone, free from worry of military attack, she will unquestionably work out her own salvation.

The Russian spirit is admirable. In a little over one century—from Catherine the Great to Nicholas the Last,—Russia made tremendous strides in civilization; in the fields of literature, music, painting, she outdistanced her western neighbors; in political and applied science she achieved high standing. The dark peasant who persistently searched for truth, the poet and scholar who ever proclaimed the coming of a better day; the youth of the university or factory, who gave their lives in the service of the oppressed masses—this indomitable spirit of Old Russia is stronger, more widespread, more articulate than ever in Russia of the New Order. This spirit is in evidence everywhere, among the Communists, who are sub-

ject to call at any time and under all sorts of conditions to the most exposed places on the military or economic front; among the old workers, who like children flock to school to learn the difficult art of reading and writing; and particularly among the youth—who are eagerly undergoing training in industries, in schools, on the athletic field, in preparation for the parts they are to play in the New Society.

The Russian people, intelligent, generous, creative, in a generation or two will be the freest of freemen on the face of the earth. They will overcome the economic disorder as they have overcome civil war and foreign aggression. Even if the present industrial revival is bound up with a degree of capitalist exploitation the workers will guard against any excesses of capitalist oppression in a country where they are the ruling power. They will continue the work of the Revolution and will create in ten, twenty or fifty years a Republic of, for and by the people in the fullest sense of the term.

As Lenin said, on the occasion of the fourth anniversary of the November Revolution:

“We shall strive steadfastly to overcome our failures and our mistakes, to improve the application, still far from perfect, of Soviet principles. But we have a right to be proud, and we are proud that to our lot fell the good fortune to begin the construction of a Soviet State, to begin this new epoch of history, the epoch of the domination of a new class, oppressed in all capitalist countries, but everywhere heading toward a new life, toward victory over the bourgeoisie, toward the dictatorship of the proletariat, toward the deliverance of humanity from the yoke of capitalism and imperialistic wars.

“We have started this work. As to when and in what period of time and where the proletariat will complete this work, is a question of little importance. What is important

is that the ice has been broken, that the road is open, that the trail is blazed.

"No matter how hard the sufferings of the transition period no matter what the pain, hunger and destruction, we will not at any cost, lose courage and we will bring our task to a victorious end."

THE END



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